

CITY OF *ARCHDALE*
NORTH CAROLINA



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDING
JUNE 30, 2011**



Comprehensive Annual Financial Report



For The
Fiscal Year Ended
June 30, 2011

CITY OF ARCHDALE
NORTH CAROLINA

Prepared by the
City of Archdale
Finance Department



CITY OF ARCHDALE, NORTH CAROLINA

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	7
Principal Officials.....	15
Organizational Chart	16
GFOA Certificate of Achievement	17
FINANCIAL SECTION	
Independent Auditor's Report.....	19
Management's Discussion and Analysis.....	21
<i>Basic Financial Statements</i>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets.....	36
Statement of Activities	38
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	40
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	42
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	47
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	48
Statement of Net Assets – Proprietary Funds	50
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	52
Statement of Cash Flows – Proprietary Funds.....	54
Notes to the Financial Statements	56

CITY OF ARCHDALE, NORTH CAROLINA

Table of Contents (Continued)

	<u>Page</u>
<i>Required Supplementary Financial Data</i>	
Law Enforcement Officers' Special Separation Allowance – Schedule of Funding Progress	88
Law Enforcement Officers' Special Separation Allowance – Schedule of Employer Contributions	89
Law Enforcement Officers' Special Separation Allowance – Notes to the Required Schedules.....	89
Other Post-Employment Benefits – Schedule of Funding Progress	90
Other Post-Employment Benefits – Schedule of Employer Contributions	91
Other Post-Employment Benefits – Notes to the Required Schedules.....	91
 <i>Combining and Individual Fund Statements and Schedules</i>	
<i>Major Governmental Funds:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	94
<i>Major Governmental Funds:</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Capital Projects Funds – City Hall Capital Projects Fund	102
<i>Nonmajor Governmental Funds:</i>	
Balance Sheet – Nonmajor Governmental Funds	104
Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds.....	105
<i>Nonmajor Governmental Funds – Capital Projects Funds</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception – PARTF Capital Projects Fund	108
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – From Inception – Parks and Recreation and Public Works Maintenance Facilities Capital Project Fund	109
<i>Major Enterprise Funds</i>	
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Water and Sewer Fund	112
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Water and Sewer Capital Reserve Fund	115
<i>Nonmajor Enterprise Funds:</i>	
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP) – Stormwater Fund	118

Table of Contents (Continued)

	<u>Page</u>
Other Schedules	
Schedule of Ad Valorem Taxes Receivable – General Fund	122
Analysis of Current Tax Levy	123
STATISTICAL SECTION	
<i>Financial Trends:</i>	
Net Assets by Component	126
Changes in Net Assets	127
Fund Balance – Governmental Funds	129
Changes in Fund Balances – Governmental Funds	130
<i>Revenue Capacity:</i>	
General Government Tax Revenues by Source	131
Property Tax Levies and Collections	132
Property Tax Rates - Direct and Overlapping Governments	133
Assessed and Estimated Actual Value of Taxable Property	134
Principal Taxpayers	135
<i>Debt Capacity:</i>	
Computation of Legal Debt Margin and Actual Debt	136
Computation of Direct and Overlapping Governmental Activities Debt	137
Outstanding Debt Ratios	138
<i>Demographic and Economic Information:</i>	
Demographics Statistics	139
Principal Employers	140
<i>Operating Information:</i>	
Operating Indicators by Function	141
Full-Time City Government Employees by Function	142
Capital Asset Statistics by Function/Program	143

Table of Contents (Continued)

	<u>Page</u>
COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	145
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act.....	147
Schedule of Findings and Questioned Costs	149
Corrective Action Plan	152
Summary Schedule of Prior Audit Findings	153
Schedule of Expenditures of Federal and State Awards	154



INTRODUCTORY SECTION

- ♦ Transmittal Letter
- ♦ Principal Officials
- ♦ Organizational Chart
- ♦ Government Financial Officer's Certificate Of Achievement
For Excellence in Financial Reporting





CITY OF ARCHDALE

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September 21, 2011

To the Honorable Mayor Bert Lance-Stone,
Members of the City Council, and
Citizens of the City of Archdale

The Comprehensive Annual Financial Report of the City of Archdale, North Carolina for the fiscal year ended June 30, 2011 is presented herewith for your review. This report is presented by the management of the City of Archdale, which is responsible for the completeness and reliability of the information included in this report.

Chapter 15 of the North Carolina General Statutes, the Budget and Fiscal Control Act, requires that units of local government have their accounts audited by a certified public accountant as soon as possible after the close of each fiscal year. The required report shall have a complete set of financial statements prepared in accordance with generally accepted accounting principles, all disclosures in the public interest required by law, and the auditors' opinion and comments relating to the financial statements. The audited financial report is submitted to the Local Government Commission (LGC), which is established by statute to oversee local government financial affairs. The LGC approves all audit contracts and subsequent payments of audit fees for audits of local government units. The LGC is authorized to issue rules and regulations concerning such audits.

The City's financial position and results of operations reported in the government-side and fund financial statements and notes to the financial statements have been audited by the independent, certified public accounting firm of S. Preston Douglas & Associates. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City, for the fiscal year ended

June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based on the audit, that there was reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the year ended June 30, 2011 were presented in conformity with generally accepted accounting principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

DESCRIPTION OF THE CITY

Archdale is conveniently located with its City limits adjoining the City of High Point and 12 miles west of the City of Greensboro along I-85. Archdale is located primarily in Randolph County, with a portion extending into Guilford County. These counties are part of the Piedmont Triad region of North Carolina, with the Blue Ridge Mountains about 100 miles to the west and the Atlantic Ocean within 200 miles to the east. Randolph County is home to the North Carolina Zoological Park, the Uwharrie National Forest, and internationally known Seagrove area potteries. The area's economic base is transitioning from manufacturing to technology, logistics, and value added manufacturing.

The community is home to several large organizations, such as the corporate offices of Sealy, Inc. and Thomas Built Buses, the largest supplier of school buses in the world. Other businesses, including Hafele America Company and Hubbell Industrial Controls, Inc. are located in the City's industrial parks. Archdale is also home to Stickley Fine Furniture and United Furniture Industries.

One of the most appreciated aspects of the City is Creekside Park, a 100+ acre City Park which includes several ball fields, playgrounds, tennis courts, greenways and a disc golf course. The Archdale Public Library, the Senior Center, and Randolph Community College, Archdale Center are also located in Creekside Park.

Several annual events are sponsored by the Archdale Parks and Recreation Department at Creekside Park, including Fabulous Fourth of July, Halloween Carnival, Creekside Christmas, and an Easter Egg Hunt. The City is also a sponsor for Archdale-Trinity Chamber of Commerce's Bush Hill Heritage Festival held each September. The Grubb Family YMCA opened in May 2010, providing an additional recreational amenity for the citizens of Archdale.

There are several institutions of higher education within easy access of Archdale. The University of North Carolina at Greensboro, North Carolina A & T University, Greensboro College, and Guilford College are all located in Greensboro. Also nearby are High Point University (10 miles), two campuses of Guilford Technical Community College (in Jamestown and High Point), and the previously mentioned Randolph Community College facility located at Creekside Park. The Piedmont Triad Region is home to 13 major colleges and universities.

Fire protection, rescue services and emergency management are provided by Guil-Rand Fire Department, a nonprofit fire protection association. Guil-Rand Fire Department's service to the City of Archdale has a Class 4 fire protection rating from the North Carolina Department of Insurance-Office of State Fire Marshall.

PROFILE OF THE GOVERNMENT

The City operates under a Council-Manager form of government. The City Council is the policy-making and legislative body of City government and includes a Mayor and six Council members. One Council member is elected from each of the City's four wards and two Council members are elected at-large. Members serve four-year staggered terms. The Mayor is elected to serve a two-year term. The Mayor Pro-Tem is selected by the Council to serve a term concurrent with the Mayor. The Mayor is the presiding officer of the Council and votes only when a Council vote results in a tie.

The City Manager is appointed by the Council as the Chief Executive Officer and is responsible for carrying out the policies and ordinances of the Council. The Manager appoints department directors to assist with the administration of the daily operations and programs of the City.

The City of Archdale provides a number of services for its citizens including: police protection, garbage and recyclable materials collection, cultural/recreational activities, street maintenance, leaf and limb collection and planning and zoning. The City operates two enterprise funds, one for water distribution and waste water collection and another for stormwater services.

ECONOMIC CONDITION AND OUTLOOK

Archdale and the surrounding region are facing some of the same challenges from the economic downturn as the rest of the country, and growth and employment have been slow to rebound in Archdale and throughout the region and state.

As mentioned previously, the City of Archdale is located in the Piedmont Triad at the intersection of I-85 and U.S. 311 in the northwest corner of Randolph County and the southwest corner of Guilford County. The City is adjacent to the city of High Point and, as previously mentioned, 18 miles west of Greensboro. It is estimated that over one million people reside within a 30-mile radius of the City. Archdale is approximately 18 miles from Piedmont Triad International Airport. The I-74 interstate corridor, which extends from Detroit, Michigan to Charleston, South Carolina, runs along the eastern boundary of the city and includes a recently opened phase that intersects with Archdale. The construction of this new transportation system, coupled with the construction of a new high school in northern Randolph County, water and sewer system improvements, and a recently completed traffic study, make the area desirable for development when the economy improves. The crossing of the interstates will provide prime locations for national retail, logistics, warehousing and distribution facilities as well as increasing the traffic for area hotels and restaurants.

The Randolph County Economic Development Corporation (EDC), a non-profit organization, uses public and private funds to promote Randolph County's economic future. The EDC works with new and existing industries for the creation of new jobs, expanded tax base and a stronger local economy. Through the EDC's efforts, the City of Archdale has been the recipient of three Building Reuse and Restoration Grants from the North Carolina Rural Economic Development Center (NCREDC) to up fit vacant buildings for use by Future Foam, Inc. Style Crest, Inc. and Paul Brayton Designs, Inc. The NCREDC grants approved between December 2010 and July 2011 total \$427,863 and the City of Archdale and Randolph County have provided \$18,964 and \$10,000 respectively in matching funds. The amount of each grant is based on the number of new positions added to baseline employment numbers of the companies. These three projects are expected to create 47 new employment opportunities and will relocate existing company jobs to their Archdale facilities.

The High Point Home Furnishings Market, a twice-a-year event, provides a substantial boost to the local economy. Home furnishing buyers, sellers and support personnel from every state and from 110 foreign countries visit the over 12 million square feet of exhibit space located in High Point and surrounding areas for the introduction of new home furnishing products, styles, finishes and concepts by national and international furniture manufacturers.

The City has 2.5 million-gallons-per-day (MGD) wastewater treatment capacity in the High Point Eastside Wastewater Treatment plant of which 1.0 MGD has been allocated to the City's current wastewater customers. The City is a member of Piedmont Triad Regional Water Authority (PTRWA), and will ultimately have 2.2 MGD capacity in the John Kime Water Treatment Plant. The Plant began supplying Archdale with water on October 4, 2010. The City currently has take-or-pay contracts in place to purchase a total of 950,000 gallons per day from PTRWA, including 700,000 gallons per day directly from the PTRWA and 250,000 gallons per day from Randolph County's allocation in the project. The City has options to purchase up to 500,000 gallons per day from Randolph County on an "as needed" basis. The City also maintains its water connection with the City of High Point and Davidson Water, Inc., both of which sold water to Archdale prior to the completion of the PTRWA water plant.

INITIATIVES

Archdale's solid waste contractor has been supplying 95-gallon garbage and recycling carts for customers for four years. Residents continue to recycle approximately 24% of their waste materials. The City contracts with a private recycling company that pays a variable market rate for our recyclables and processes the material for reuse.

With the assistance of the North Carolina Department of Transportation (NCDOT) and High Point Metropolitan Planning Organization, city staff completed a corridor access study for the NC Highway 62 corridor which led to the completion of a feasibility study on the future relocation of Weant Road. The City recently updated its Future Land Use and Pedestrian Network Plans. The City has submitted plans through a grant from NCDOT to build a sidewalk along Balfour Drive to Trindale Elementary School in the summer of 2012. Another section of sidewalk will extend the Balfour Drive sidewalk eastward to Main Street and a section of sidewalk funded by the Randolph County Tourism Development Authority is currently in under construction along Main Street. Plans have been prepared and easements secured for a new section of greenway that will connect the Archdale-Trinity Middle School to the existing greenway system.

During June 2011, the City contracted with an independent consultant for a pavement condition survey. The report provides information on the condition of all city maintained streets, the types of repairs needed, estimated cost of repairs, and prioritization of streets for maintenance and repairs. The report indicates that 19.5% of the City's 48.94 miles of street are rated as poor condition and cost of repairs is estimated to be over \$1.1 million. A street resurfacing and maintenance project request for proposals is currently out for bids, using the information from the survey. The City uses Powell Bill funds for the maintenance and repair of streets, construction of sidewalks, and purchase of snow removal supplies. The City also used Powell Bill Funds to purchase an asphalt roller that will be used for small street repairs that are done by the City's Public Works Department.

The City's Human Resources Office, in conjunction with representatives from each of the departments, implemented a City Safety Policy and established a City Safety Team, which will be responsible for implementation of the City's Safety Policy. Each department is represented on the team by an employee who will serve a two year term on the Team. The Safety Team held its first meeting in November 2010.

The Archdale Police Department implemented a Computer Aided Dispatch system in November 2010 through the combined efforts of the City of High Point, North State Communications, Century Link, and OSSSI Sungard. This communication technology improvement project increases officer safety and improves the efficiency and effectiveness of communications, records management and patrol staff. A mobile field reporting component enables police officers to complete and submit reports from the computers in

their vehicles. Once submitted, a supervisor electronically approves the report and submits to the Police Department Records Division, where it is automatically uploaded to the records system. Additionally, the department replaced the communications recording system, and completed other needed information technology upgrades, including an upgrade to the Uninterruptable Power Supply (UPS) and electrical generator improvements.

Archdale was the recipient of a \$464,469 grant from the North Carolina Parks and Recreation Trust Fund (PARTF) for improvements to Creekside Park. The PARTF program provides dollar-for-dollar matching grants to local governments. A new restroom building, eight holes of the disc golf course, greenway trail, parking lot, and road improvements were completed in fiscal year 2009. A pedestrian bridge, providing access to the completed disc golf course, as well as renovations to the T-ball field were completed in fiscal year 2010. The park entrance improvement project, in which the park entrance was realigned and signage and landscaping improvements were installed, was completed during fiscal year 2011. Signage for the recently completed disc golf course was also updated with funding assistance from the Randolph County Tourism Development Authority.

The City is working with the firm of Moser, Mayer and Phoenix, Associates to design and oversee the construction of a 14,744 square foot municipal office building. The building will be constructed on the site of the existing City Hall, which is in need of major repairs and does not provide adequate space for current and future city services. The new building will provide areas for customer service, technology services, training and meeting spaces and staff offices. The new municipal building has been on the Capital Improvement Plan for several years and will be funded through a combination of existing fund balance and new debt.

The Stormwater Fund has completed several small projects that have improved drainage and water quality. The City has also completed larger scale projects at stream crossings on Frye Street and Greenhaven Drive that will improve drainage and protect the integrity of the streets.

Eight of Archdale's nine sewer pump stations will have SCADA (Supervisory Control and Data Acquisition) installed within the next few months. Recent budgets have included funds for the installation. SCADA is used to monitor pump station operations and alert operators when a station needs attention. It reduces the number of on-site visits and promotes operating efficiency. The fiscal year 2012 budget for the Water and Sewer Fund includes pay-as-you-go funding to implement an automated water meter reading system.

FINANCIAL INFORMATION

Debt Management: The current bond rating for the City's general obligation debt by the North Carolina Municipal Council is 81. Governmental activities have been primarily funded on a pay as you go basis. City Council manages its fund balance in order to provide funding for future projects, such as the required local match for a future PARTF grant and construction of a new municipal

office building. The City financed the construction of the new maintenance facility at the Creekside Park and the renovation and construction of the maintenance facility for the Public Works Department to take advantage of favorable interest rates. The final debt payment for the Archdale Public Library was paid in April 2011. The City plans to finance approximately \$2,000,000 for the construction of the proposed municipal office building. The City regularly uses debt to finance water and sewer infrastructure improvements.

North Carolina Municipal Council Rating: The City of Archdale has a North Carolina Municipal Council Rating of 83 as of their report dated September 30, 2011. This rating is comparable to an A1/A+ from the national rating agencies.

Long-Term Financial Planning: Capital Improvement Plans are updated annually for each governmental activity. Currently, these plans extend for a period of five years and include improvements with a useful life span of one year or more and a purchase price of \$5,000 or greater. The general fund plan for 2012 through 2016 lists projects totaling over \$8,600,000. Included in this plan are the construction of a municipal office building; additions to the greenway trail system; an update to the Parks and Recreation Master Plan; and additions to the sidewalk system. This plan also provides for the replacement of regulatory street signs in order to comply with mandated federal regulations as well as future recreation improvements that may be grant eligible. The Water and Sewer Fund Capital Improvement Plan includes system expansion projects for future development, equipment needs and Archdale's share of capital improvements for the Eastside Wastewater Treatment Plant as approved by the City of High Point. Each year as part of the annual operating budget, the City also adopts the current year portion of a long-term capital plan.

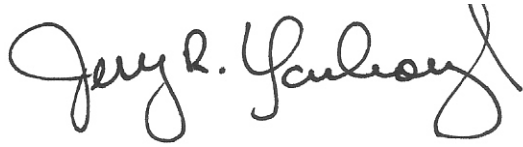
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Archdale for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the sixth CAFR prepared for the City of Archdale. In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements. This report will be submitted to the GFOA to determine its eligibility for a certificate.

We acknowledge the dedicated, talented and skilled City employees and thank them for their service to the citizens of Archdale. We also express our appreciation to the Mayor, City Council and members of our boards and advisory committees for their dedication,

public service and commitment to stewardship. It is their commitment to stewardship that is the driving force behind the City's ability to maintain a sound financial condition during these difficult economic times.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Jerry R. Yarborough". The signature is fluid and stylized, with a large initial "J" and a long, sweeping underline.

Jerry Yarborough
City Manager

A handwritten signature in cursive script, reading "Lori Nurse". The signature is elegant and flowing, with a large initial "L" and a long, sweeping underline.

Lori Nurse
Finance Director

PRINCIPAL OFFICIALS



Mayor
Bert Lance-Stone



Larry Warlick
Ward I



Roger Blackwell
Ward II



Robert (Trey) Gray III
Ward III



Lewis Dorsett
Ward IV

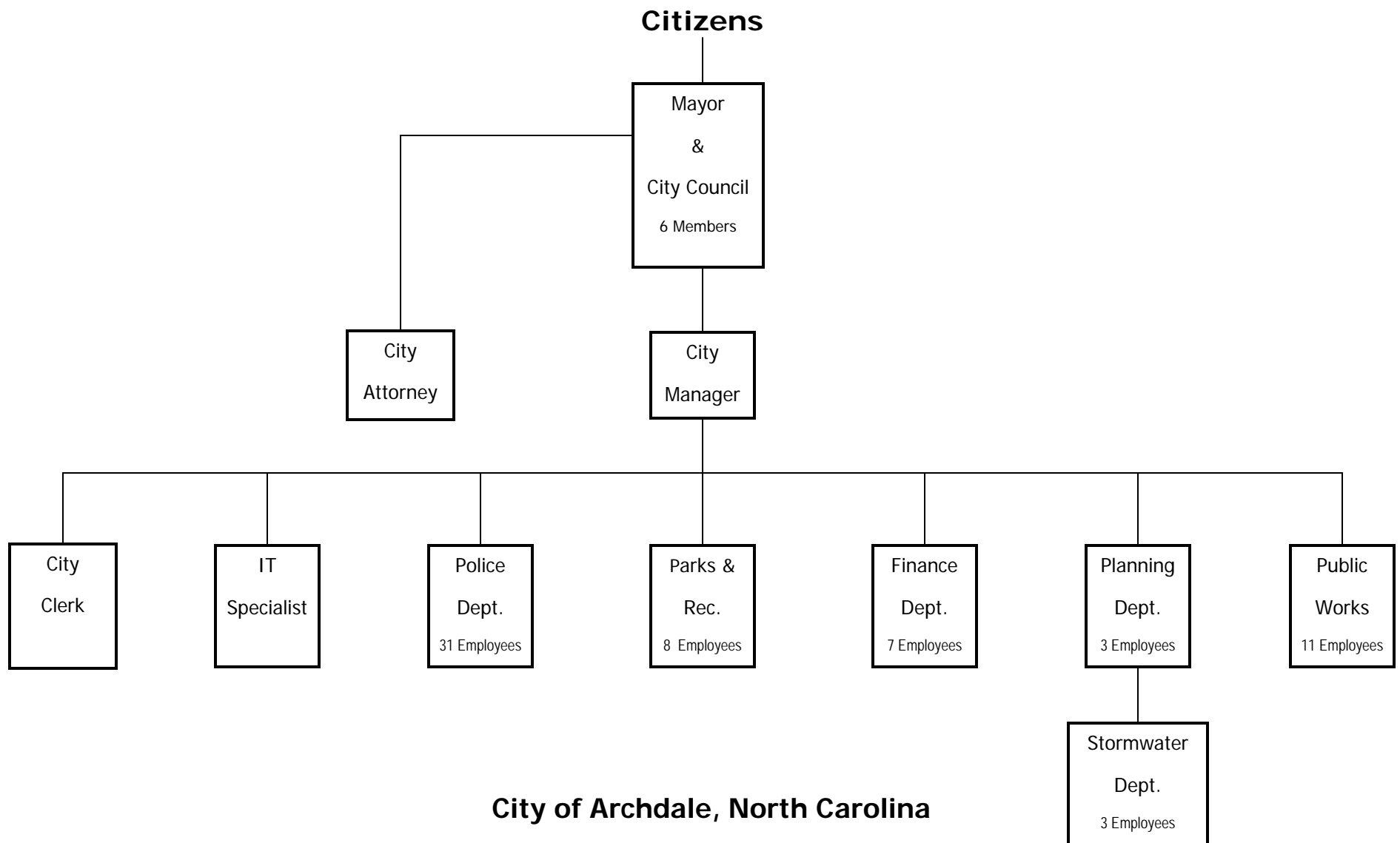


Mayor Pro-Tem
Tim Williams



Eddie Causey
At Large

- Jerry Yarborough City Manager
- William Miller City Attorney
- Susan Swaim City Clerk
- Lori NurseFinance Director
- Darrell GibbsChief of Police
- Michael Shuler Public Works Director
- Jeffrey Wells Planning Director
- Elaine Albertson Parks and Recreation Director



City of Archdale, North Carolina

Organizational Chart

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Archdale
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director





FINANCIAL SECTION

- ♦ Independent Auditor's Report
 - ♦ Management Discussion and Analysis
 - ♦ Government-wide Financial Statements
 - ♦ Fund Financial Statements
 - ♦ Notes to Financial Statements
 - ♦ Required Supplementary
 - ♦ Supplementary Information





S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs
N. C. Association of CPAs

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council
Archdale, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Archdale, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Archdale's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining information of the City of Archdale, North Carolina as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October, 6 2010 on our consideration of City of Archdale's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance's and Other Postemployment Benefits' Schedules of Funding Progress and Schedules of Employer Contributions on pages 19 through 31, 82 through 83, and 84 through 85, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Archdale, North Carolina. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and the statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory information and the statistical tables have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them.

S. Preston Douglas & Associates, LLP

September 1, 2011

Management's Discussion and Analysis

As management of the City of Archdale, we offer readers of our financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City of Archdale's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City of Archdale exceeded its liabilities at the close of the fiscal year by \$41,036,578.
- The government's total net assets increased by \$1,080,935 primarily due to increases in the governmental activities net assets.
- As of the close of the current fiscal year, the City of Archdale's governmental funds reported combined ending fund balances of \$7,803,149 an increase of \$40,955 in comparison with the prior year. Approximately 78 percent of this total amount, or \$6,063,678, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned and assigned fund balance for the General Fund totaled \$5,049,740 or 69 percent of total general fund expenditures and transfers out or the fiscal year.
- The fund balance for the General Fund includes \$287,120 assigned by City Council to be used for possible future economic development incentives and \$465,394 assigned for subsequent year's expenditures.
- The fund balance assigned in capital project funds for completed maintenance facilities and future construction of a municipal office building total \$1,013,938 at June 30, 2011.

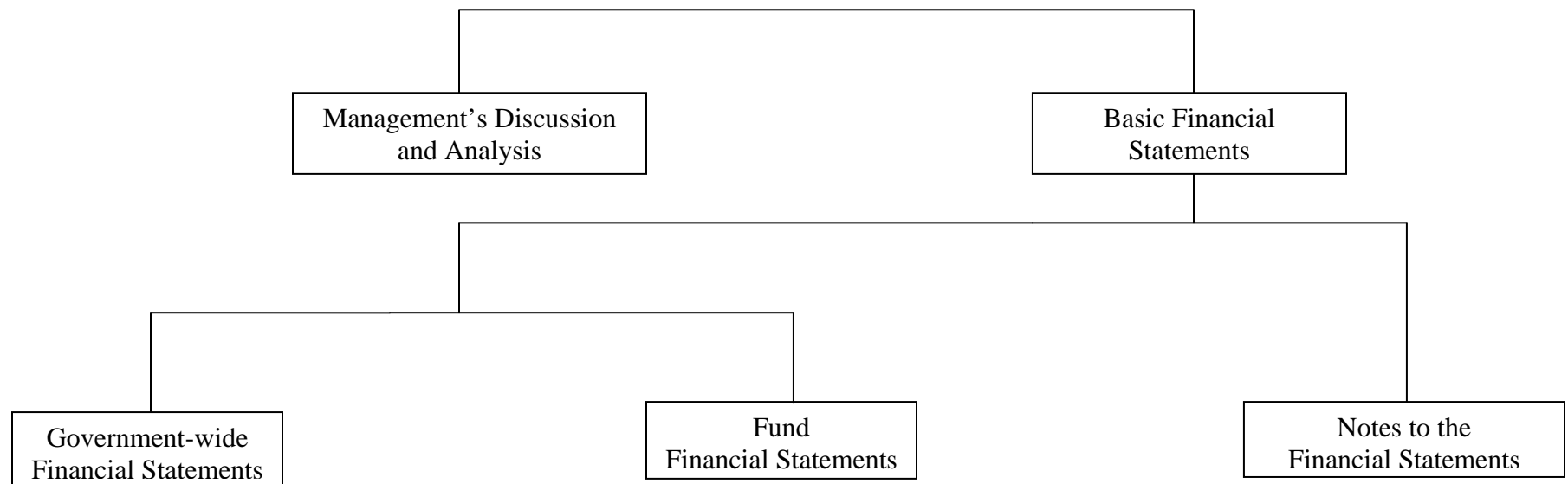
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Archdale's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Archdale.

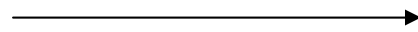
Management's Discussion and Analysis

Required Components of Annual Financial Report

Figure 1



Summary



Detail

Management's Discussion and Analysis (Continued)

Basic Financial Statements

The first two statements (pages 36 through 39) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short- and long-term information about the City's financial status.

The next statements (pages 40 through 55) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gage the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include the City's basic services such as public safety, parks and recreation, solid waste collection and disposal, street maintenance, and general administration. Property taxes, sales taxes and user fees finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water and sewer services offered by the City of Archdale as well as the stormwater enterprise.

The government-wide financial statements are on pages 36 through 39 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of

Management's Discussion and Analysis (Continued)

Archdale, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Archdale can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Archdale adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – City of Archdale has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Archdale uses an enterprise fund to account for its water and sewer activity as well as its stormwater operation. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 54 through 83 of this report.

Management's Discussion and Analysis (Continued)

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Archdale's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 88 of this report.

Government-Wide Financial Analysis

The City of Archdale's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 8,169,910	\$ 8,112,806	\$ 5,178,065	\$ 4,372,157	\$ 13,347,975	\$ 12,484,963
Capital assets	12,696,990	12,334,223	28,335,367	23,861,027	41,032,357	36,195,250
Total assets	20,866,900	20,447,029	33,513,432	28,233,184	54,380,332	48,680,213
Long-term liabilities outstanding	1,118,476	1,313,214	10,579,425	6,074,286	11,697,901	7,387,500
Other liabilities	500,164	519,229	1,145,689	817,851	1,645,853	1,337,080
Total liabilities	1,618,640	1,832,443	11,725,114	6,892,137	13,343,754	8,724,580
Net assets:						
Invested in capital assets, net of related debt	11,750,122	11,057,050	17,054,505	17,291,610	28,804,627	28,348,660
Restricted	1,739,471	842,190	-	-	1,739,471	842,190
Unrestricted	5,758,667	6,715,356	4,733,813	4,049,437	10,492,480	10,764,793
Total net assets	\$ 19,248,260	\$ 18,614,596	\$ 21,788,318	\$ 21,341,047	\$ 41,036,578	\$ 39,955,643

Management's Discussion and Analysis (Continued)

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Archdale exceeded liabilities by \$41,036,578 as of June 30, 2011. The City's net assets increased by \$1,080,935 for the fiscal year ended June 30, 2011. However, the largest portion (70%) reflects the City's investment in capital assets (e.g. land, buildings, equipment, and machinery); less any related debt still outstanding that was issued to acquire those items. The City of Archdale uses these capital assets to provide services to citizens; consequently, these capital assets are not available for future spending. Although the City of Archdale's investment in its capital assets is reported net of any outstanding related debt, the resources needed to repay these obligations must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Archdale's net assets (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,492,480 (26%) is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net assets:

- Randolph and Guilford Counties bill and collect property taxes due to the City of Archdale. The percentage of the net levy collected was 98.02%.
- The national trend of lower property tax revenues did not have a significant impact in Archdale, with a \$22,179 decrease in total property tax revenue. The decrease is attributed to registered motor vehicles. The ad valorem tax rate remained at 29¢ per \$100 of assessed property value.
- Sales tax revenue, which declined over the past three years, shows an increase of \$49,756 over the prior year. Actual sales tax receipts exceeded the budget by \$50,971.
- Citizens continue to use the City's recycling collection program and the City netted \$19,315 from the sale of recycled materials.
- Low employee turnover and a commitment to employee continuing education.
- The Archdale Police Department received \$112,406 for participation in the U.S. Department of Justice's Equitable Sharing Program under which the department receives a share of assets seized during the arrest of individuals for illegal drugs. These funds may be used for law enforcement purposes only. The value of assets restricted for public safety increased during the year by \$62,189 to \$126,671 as of June 30, 2011.
- The Archdale Police Department purchases equipment and funds programs with the aforementioned equitable sharing program, including the purchase of tasers and cartridges, support for the canine program and Computer Aided Dispatch (CAD).
- The City finalized the parks and recreation improvement projects funded by a grant from the North Carolina Parks and Recreation Trust Fund.

Management's Discussion and Analysis (Continued)

The City of Archdale's Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,030,208	\$ 973,638	\$ 4,114,351	\$ 3,844,214	\$ 5,144,559	\$ 4,817,852
Operating grants and contributions	451,818	438,707	-	70,000	451,818	508,707
Capital grants and contributions	470,837	68,305	-	104,813	470,837	173,118
General revenues:						-
Taxes	4,231,718	4,193,774	-	-	4,231,718	4,193,774
Grants and contributions not restricted to specific programs	610,627	576,040	-	-	610,627	576,040
Unrestricted investment earnings	35,502	44,823	22,011	34,914	57,513	79,737
Other	46,076	123,927	-	(645)	46,076	123,282
Total revenues	6,876,786	6,419,214	4,136,362	4,053,296	11,013,148	10,472,510
Expenses:						
General government	651,681	602,118	-	-	651,681	602,118
Public safety	2,625,140	2,390,917	-	-	2,625,140	2,390,917
Public works	1,502,812	1,271,818	-	-	1,502,812	1,271,818
Cultural and recreation	1,072,916	1,041,966	-	-	1,072,916	1,041,966
Community promotions	374,040	62,317	-	-	374,040	62,317
Interest on long-term debt	47,689	42,747	-	-	47,689	42,747
Water and sewer	-	-	3,283,373	2,839,700	3,283,373	2,839,700
Stormwater			374,562	271,897	374,562	271,897
Total expenses	6,274,278	5,411,883	3,657,935	3,111,597	9,932,213	8,523,480
Increase in net assets before transfers	602,508	1,007,331	478,427	941,699	1,080,935	1,949,030
Transfers	31,156	31,156	(31,156)	(31,156)	-	-
Increase in net assets	633,664	1,038,487	447,271	910,543	1,080,935	1,949,030
Net assets, July 1	18,614,596	17,576,109	21,341,047	20,430,504	39,955,643	38,006,613
Net assets, June 30	\$ 19,248,260	\$ 18,614,596	\$ 21,788,318	\$ 21,341,047	\$ 41,036,578	\$ 39,955,643

Management's Discussion and Analysis (Continued)

Governmental Activities: Governmental activities increased the City's net assets by \$633,664, thereby accounting for 59% of the total growth in the net assets of the City of Archdale. Key elements of this increase are as follows:

- Total ad valorem taxes remained level, despite a reduction for registered motor vehicles.
- Sales tax revenue was slightly higher than budgeted.
- A portion of Powell Bill Funds, generated from the State Gasoline Tax, is shared by municipalities through a formula based on population and street miles. The use of these funds is restricted to specific street-related expenses for non-NCDOT system streets. Archdale received \$271,533.
- Departments were conservative in their operations and did not spend all of their available budgets.
- The cost of solid waste disposal continues to decline as citizens improve their commitment to recycling.

Business-Type Activities: Business-type activities increased the City of Archdale's net assets by \$447,271, accounting for 41% of the total growth in the City's net assets. Key elements of the growth in net assets are as follows:

- Net assets in the Stormwater Fund increased by \$63,691 to \$405,626.
- Charges for services in the Water and Sewer Fund increased by \$242,073.
- Water treatment rights and wastewater treatment rights, along with related obligations, under interlocal agreements are recorded in the Water and Sewer Fund.
- The City of High Point processes wastewater for Archdale. Archdale owns wastewater treatment rights at High Point's Eastside Treatment Plant.
- Archdale is a member of the Piedmont Triad Regional Water Authority (PTRWA). See Note II and Note IV in the notes to the financial statements for information about this joint venture.
- Water rates and sewer rates are evaluated with each budget and have increased in recent years.
- Both enterprise funds are self-supporting activities and net assets are to be used for future large projects, capital replacement and capital expansion requirements of the funds.

Financial Analysis of the City Funds

As noted earlier, the City of Archdale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City of Archdale's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Archdale's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

Management's Discussion and Analysis (Continued)

The general fund is the chief operating fund of the City of Archdale. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,297,226 with total fund balance of \$6,787,892. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 69% of total General Fund expenditures, while total fund balance represents 110% of that same amount.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding from external sources, such as state and federal grants; and (3) increases in appropriations that become necessary to maintain services.

The amendments to the City's budget for the fiscal year ended June 30, 2011 were made for the following reasons:

- The transfer of \$1,000,000 to establish a capital project fund for the construction of a new municipal office building.
- Transfer for close out of the capital project fund for PARTF projects. The scope of the original projects was expanded to make use of remaining grant funds for improvements to the entrance of Creekside Park.
- Approval of two North Carolina Rural Economic Development Center Building Reuse Grants.
- Appropriation of Powell Bill funds for street paving and resurfacing.
- Sidewalk construction and related funding provided by the Randolph County Tourism Development Authority.
- Building maintenance and landscaping projects at the Archdale Senior Center and the Archdale Public Library.
- Purchase of communication and information technology equipment for the police department.
- Increase amount of investigation funds for the police department.
- Signage for the disc golf course provided by the Randolph County Tourism Development Authority.

Proprietary Funds: The City of Archdale's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer Fund and Stormwater Fund at the end of the fiscal year amounted to \$4,412,476 and \$321,337 respectively. Other factors concerning the finances of been addressed in the discussion of the City's business-type activities.

Amendments to the City's Stormwater Fund for the fiscal year ended June 30, 2011 were made for the following reasons:

- Contract for drainage improvement project.
- Remove proceeds from debt and debt service payments to reflect decision to pay for the leaf vacuum truck.

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

Capital Assets. The City of Archdale's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$41,032,357 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles. Not included in the value for capital assets is the infrastructure for the street system. New street construction valued in excess of \$100,000 will be added to the capital asset amounts should it occur in future years.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Purchase or replacement of vehicles and equipment in the Police Department.
- Replacement and repair of roof coating at Police Department.
- Replacement of information technology equipment at Police Department.
- Purchase of snow plow for Public Works Department.
- Skid steer and attachments for use in the Parks and Recreation Department.
- Signage for disc golf course at Creekside Park.
- Completion of entrance relocation and landscaping project at Creekside Park.
- Completion of park maintenance and public works maintenance facilities.
- Construction in progress includes design work for additional greenway trails as well as design services for replacement municipal operations facility.

Management's Discussion and Analysis (Continued)

The City of Archdale's Capital Assets (net of depreciation and amortization)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 6,328,321	\$ 6,328,321	\$ 307,396	\$ 307,396	\$ 6,635,717	\$ 6,635,717
Construction in progress	133,442	1,086,661	-	-	133,442	1,086,661
Water rights	-	-	8,497,194	4,213,375	8,497,194	4,213,375
Water treatment rights	-	-	3,740,090	3,375,000	3,740,090	3,375,000
Buildings and systems	4,119,687	3,110,655	-	-	4,119,687	3,110,655
Improvements other than buildings	1,228,922	825,594	-	-	1,228,922	825,594
Equipment and vehicles	886,618	983,002	509,638	350,330	1,396,256	1,333,332
Water distribution system	-	-	4,158,364	4,131,283	4,158,364	4,131,283
Sewer distribution system	-	-	11,122,685	11,483,643	11,122,685	11,483,643
Total	\$ 12,696,990	\$ 12,334,233	\$ 28,335,367	\$ 23,861,027	\$ 41,032,357	\$ 36,195,260

Additional information on the City's capital assets can be found in note II.A.5. of the Basic Financial Statements.

Management's Discussion and Analysis (Continued)

Long-Term Debt: As of June 30, 2011, the City of Archdale had total long-term installment debt outstanding of \$11,463,034. These funds were used for construction of a water tank, construction of a pump station, expansion of water and sewer lines, and an upgrade to the City's main sewer pump station. Other loan funds relate to the investment in High Point's Eastside wastewater treatment plant and the Piedmont Triad Regional Water Authority John Kime Water Treatment Plant. The governmental activities debt is related to construction of a maintenance facility at the park, complete renovation of a maintenance facility for the Public Works Department, construction of an equipment shelter, and furnishing of the new buildings.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt limit for City of Archdale is \$76,553,738.

Additional information regarding the City of Archdale's long-term debt can be found in Note II.E of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators influence the growth and prosperity of the City.

- The Bureau of Labor Statistics shows Randolph County's preliminary unemployment rate (not seasonally adjusted) as of August 2011 to be 10.1%, up from the 2010 annual rate of 9.8%.
- Total assessed property value, which generally shows an increase, has held steady for the fiscal year ended June 30, 2011 from the previous year.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities: The property tax rate remains at 29 cents per one hundred dollars of property value in the budget for the fiscal year ending June 30, 2012. Revenues linked to economic growth, such as sales tax, franchise tax, interest income and recreation revenues were budgeted at the same levels as the previous year. The budget includes an appropriation from fund balance of \$465,394.

Budgeted expenditures in the General Fund are \$6,641,000 which is an increase over last year's original budget of \$6,556,870. Last year's final budget of \$8,251,234 included transfers to capital project funds as well as other items previously discussed. The budget for the fiscal year ending June 30, 2012 has already been amended to include the award of another economic development grant and expenses related to the anticipated move to temporary offices during construction of the new municipal office building.

Management's Discussion and Analysis (Continued)

Business-type Activities:

Water and Sewer Fund: The water and sewer rates in the City increased by 3% on average. The minimum water and sewer charges for 2,000 gallons or less is based on water meter size, with higher minimums for larger meters. The water and sewer fund is operated as a self supported enterprise and the balance in unrestricted net assets is necessary to finance expansion and replacement of infrastructure.

- The budget for debt service is \$1,079,928, which is thirty percent of the Water and Sewer Fund budget.
- The budget for water purchases is based on take-or-pay contracts with the Piedmont Triad Regional Water Authority and Randolph County for 700,000 gallons a day and 250,000 gallons a day respectively.
- The sewer treatment rate charged by High Point is determined annually based on the previous year's operating expenses and that rate is lower next year. However, the increase in the budget for Archdale's share of capital improvements to the Eastside Treatment Plant is greater than the operating decrease.
- Contracted services increased from \$67,000 original budget and \$118,385 actual expenses in fiscal year 2011 to \$226,039 budget for fiscal year 2012 for maintenance and repairs, structural analysis and inflow and infiltration sewer system study.
- SCADA is being installed on one sewer lift station.
- This budget includes a new backhoe and a replacement of a small utility truck
- This budget provides funding for automated meter reading software and a portion of replacement meters on a pay-as-you-go basis.

Stormwater Fund: Stormwater fee revenue is budgeted to remain steady. Several small drainage projects will be completed by the City work force and the remaining net assets will fund a larger future project. Contracted services includes the increasing costs of the limbs collected by the City. The purchase of the vacuum leaf loader truck will be carried forward to the fiscal year 2012 budget because the City did not receive the truck prior to the end of the previous fiscal year.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Lori Nurse, P.O. Box 14068, Archdale, N.C. 27263. Archdale's website is <http://www.archdale-nc.gov>.



Basic Financial Statements

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Net Assets

June 30, 2011

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 6,321,491	\$ 4,515,325	\$ 10,836,816
Receivables (Net):			
Taxes	103,006	-	103,006
Accounts	79,123	640,404	719,527
Interest	7,591	-	7,591
Prepays	4,001	-	4,001
Due from Other Funds	7,474	-	7,474
Due from Other Governments	713,170	22,336	735,506
Restricted Cash and Cash Equivalents	934,054	-	934,054
	<u>8,169,910</u>	<u>5,178,065</u>	<u>13,347,975</u>
Total Current Assets			
Noncurrent Assets:			
Capital Assets:			
Water Rights, Net of Amortization	-	8,497,194	8,497,194
Wastewater Treatment Rights, Net of Amortization	-	3,740,090	3,740,090
Land and Other Nondepreciable Assets	6,461,763	307,396	6,769,159
Other Capital Assets, Net of Depreciation	6,235,227	15,790,687	22,025,914
Total Capital Assets	<u>12,696,990</u>	<u>28,335,367</u>	<u>41,032,357</u>
	<u>12,696,990</u>	<u>28,335,367</u>	<u>41,032,357</u>
Total Noncurrent Assets			
Total Assets	\$ <u><u>20,866,900</u></u>	\$ <u><u>33,513,432</u></u>	\$ <u><u>54,380,332</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Net Assets (Continued)

June 30, 2011

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 177,937	\$ 256,459	\$ 434,396
Interest Payable	-	15,725	15,725
Unearned Revenue	70,753	2,883	73,636
Customer Deposits	-	117,294	117,294
Current Portion of Long-Term Liabilities	244,000	753,328	997,328
Due to Other Funds	7,474	-	7,474
	<u>500,164</u>	<u>1,145,689</u>	<u>1,645,853</u>
Total Current Liabilities			
Long-Term Liabilities			
Due In More Than One Year	<u>1,118,476</u>	<u>10,579,425</u>	<u>11,697,901</u>
Total Liabilities	<u>1,618,640</u>	<u>11,725,114</u>	<u>13,343,754</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	11,750,122	17,054,505	28,804,627
Restricted For:			
Stabilization by State Statute	801,416	-	801,416
Transportation	807,383	-	807,383
Public Safety	126,671	-	126,671
Prepaid Items	4,001	-	4,001
Unrestricted	<u>5,758,667</u>	<u>4,733,813</u>	<u>10,492,480</u>
Total Net Assets	\$ <u><u>19,248,260</u></u>	\$ <u><u>21,788,318</u></u>	\$ <u><u>41,036,578</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 651,681	\$ 96,924	\$ -	\$ -
Public Safety	2,625,140	-	170,285	-
Transportation	803,452	-	271,533	-
Cultural and Recreation	1,072,916	183,821	10,000	470,837
Environmental Protection	699,360	749,463	-	-
Community Promotions	374,040	-	-	-
Interest on Long-Term Debt	47,689	-	-	-
Total Governmental Activities	6,274,278	1,030,208	451,818	470,837
Business-Type Activities:				
Water and Sewer	3,283,373	3,645,980	-	-
Stormwater	374,562	468,371	-	-
Total Business-Type Activities	3,657,935	4,114,351	-	-
Total Primary Government	\$ 9,932,213	\$ 5,144,559	\$ 451,818	\$ 470,837
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purpose				
Local Option Sales and Use Taxes				
Grants and Contributions not Restricted to Specific Programs				
Unrestricted Investment Earnings				
Miscellaneous				
Total General Revenues Not Including Transfers				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning				
Net Assets - Ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (554,757)	\$ -	\$ (554,757)
(2,454,855)	-	(2,454,855)
(531,919)	-	(531,919)
(408,258)	-	(408,258)
50,103	-	50,103
(374,040)	-	(374,040)
(47,689)	-	(47,689)
<u>(4,321,415)</u>	<u>-</u>	<u>(4,321,415)</u>
-	362,607	362,607
-	93,809	93,809
-	<u>456,416</u>	<u>456,416</u>
<u>(4,321,415)</u>	<u>456,416</u>	<u>(3,864,999)</u>
2,738,747	-	2,738,747
1,492,971	-	1,492,971
610,627	-	610,627
35,502	22,011	57,513
46,076	-	46,076
<u>4,923,923</u>	<u>22,011</u>	<u>4,945,934</u>
31,156	(31,156)	-
<u>4,955,079</u>	<u>(9,145)</u>	<u>4,945,934</u>
633,664	447,271	1,080,935
18,614,596	21,341,047	39,955,643
<u>\$ 19,248,260</u>	<u>\$ 21,788,318</u>	<u>\$ 41,036,578</u>

CITY OF ARCHDALE, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2011

	<u>Major Funds</u>			
	<u>General</u>	<u>City Hall Capital Projects Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 5,307,553	\$ 922,624	\$ 91,314	\$ 6,321,491
Restricted Cash	934,054	-	-	934,054
Receivables (Net):				
Taxes	103,006	-	-	103,006
Sanitation	72,972	-	-	72,972
Due from Other Funds	7,474	-	-	7,474
Due from Other Governments	710,528	-	8,793	719,321
Prepays	4,001	-	-	4,001
Total Assets	\$ <u>7,139,588</u>	\$ <u>922,624</u>	\$ <u>100,107</u>	\$ <u>8,162,319</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2011

	<u>Major Funds</u>		<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>City Hall Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Governmental Funds</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and				
Accrued Liabilities	\$ 177,937	\$ -	\$ -	\$ 177,937
Unearned Revenue	70,753	-	-	70,753
Deferred Revenue	103,006	-	-	103,006
Due to Other Funds	-	-	7,474	7,474
Total Liabilities	<u>351,696</u>	<u>-</u>	<u>7,474</u>	<u>359,170</u>
Fund Balances:				
Nonspendable				
Prepaid Items	4,001	-	-	4,001
Restricted				
Stabilization by State Statute	800,097	-	1,319	801,416
Streets - Powell Bill	807,383	-	-	807,383
Public Safety	126,671	-	-	126,671
Assigned				
Economic Development	287,120	-	-	287,120
City Hall	-	922,624	-	922,624
Parks and Recreation	-	-	-	-
Maintenance Building	-	-	91,314	91,314
Subsequent year's expenditure	465,394	-	-	465,394
Unassigned	<u>4,297,226</u>	<u>-</u>	<u>-</u>	<u>4,297,226</u>
Total Fund Balances	<u>6,787,892</u>	<u>922,624</u>	<u>92,633</u>	<u>7,803,149</u>
Total Liabilities and Fund Balances	<u>\$ 7,139,588</u>	<u>\$ 922,624</u>	<u>\$ 100,107</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2011

		Total Governmental Funds
		<hr/>
Total Fund Balance		\$ 7,803,149
 Amounts reported for governmental activities in the statement of net assets are different because:		
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	16,403,996	
Accumulated depreciation	<u>(3,707,006)</u>	12,696,990
 Other long-term assets (accrued interest receivable from taxes and assessments) are not available to pay for current-period expenditures and therefore are deferred		
		7,591
 Liabilities for earned but deferred revenues in fund statements.		
		103,006
 Some liabilities, including installment obligations payable, net pension obligations, other postemployment benefits, and accrued vacation, are not due and payable in the current period and therefore are not reported in the funds.		
		<u>(1,362,476)</u>
Net assets of governmental activities.		\$ <u><u>19,248,260</u></u>

The notes to the financial statements are an integral part of this statement.



CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2011

	<u>Major Funds</u>		<u>Total</u>	<u>Total</u>
	<u>General</u>	<u>City Hall Capital Projects Fund</u>	<u>Non-Major Funds</u>	<u>Governmental Funds</u>
Revenues				
Ad Valorem Taxes	\$ 2,718,590	\$ -	\$ -	\$ 2,718,590
Unrestricted Intergovernmental	2,103,598	-	-	2,103,598
Restricted Intergovernmental	743,540	-	179,115	922,655
Licenses and Permits	96,924	-	-	96,924
Sales and Services	943,284	-	-	943,284
Investment Earnings	34,462	-	1,041	35,503
Miscellaneous	36,076	-	-	36,076
Total Revenues	<u>6,676,474</u>	<u>-</u>	<u>180,156</u>	<u>6,856,630</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds		Total	Total
	General	City Hall Capital Projects Fund	Non-Major Funds	Governmental Funds
Expenditures				
Current:				
Governing Body	\$ 45,226	\$ -	\$ -	\$ 45,226
Administration	238,196	-	-	238,196
Finance	291,617	-	-	291,617
Legal	23,586	-	-	23,586
Building and Grounds	44,735	-	-	44,735
Police	2,152,883	-	-	2,152,883
Fire Inspections	27,867	-	-	27,867
Planning and Zoning	258,247	-	-	258,247
Streets	472,881	-	21,657	494,538
Streets - Powell Bill	235,378	-	-	235,378
Sanitation	699,360	-	-	699,360
Parks and Recreation	742,980	-	286	743,266
Senior Adults Association	16,640	-	-	16,640
Library	109,220	-	-	109,220
Community Promotions	374,040	-	-	374,040
Debt service:				
Principal	237,683	-	-	237,683
Interest	47,689	-	-	47,689
Capital outlay:				
Police	113,888	-	-	113,888
Streets	7,479	-	88,339	95,818
Parks and Recreation	49,129	-	470,449	519,578
Building and Grounds	-	77,376	-	77,376
Total Expenditures	6,188,724	77,376	580,731	6,846,831
Revenues Over (Under) Expenditures	487,750	(77,376)	(400,575)	9,799

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds		Total	Total
	General	City Hall Capital Projects Fund	Non-Major Funds	Governmental Funds
Other Financing Sources				
Transfers from Other Funds	\$ 31,156	1,000,000	\$ 128,688	\$ 1,159,844
Transfers to Other Funds	(1,128,688)	-	-	(1,128,688)
Installment Purchase Obligations	-	-	-	-
Total Other Financing Sources	<u>(1,097,532)</u>	<u>1,000,000</u>	<u>128,688</u>	<u>31,156</u>
Net Changes in Fund Balances	(609,782)	922,624	(271,887)	40,955
Fund Balance - Beginning of Year	<u>7,397,674</u>	<u>-</u>	<u>364,520</u>	<u>7,762,194</u>
Fund Balance - End of Year	\$ <u><u>6,787,892</u></u>	\$ <u><u>922,624</u></u>	\$ <u><u>92,633</u></u>	\$ <u><u>7,803,149</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Governmental Funds
For the Year Ended June 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$	40,955
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	806,660		
Depreciation expense for governmental assets	<u>(443,903)</u>		362,757

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Change in deferred revenue for tax revenues	21,367		
Change in accrued interest on tax revenues	<u>(1,210)</u>		20,157

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	-		
Principal payments on long-term debt	<u>237,683</u>		237,683

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences	(8,436)		
Net pension obligation	(4,199)		
Other postemployment benefits	<u>(15,253)</u>		<u>(27,888)</u>

Total changes in net assets of governmental activities	\$	<u><u>633,664</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	General Fund			Variance
	Original Budget	Final Budget	Actual Amounts	with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 2,593,800	\$ 2,661,800	\$ 2,718,590	\$ 56,790
Unrestricted Intergovernmental	2,022,300	2,013,800	2,103,598	89,798
Restricted Intergovernmental	472,829	832,051	743,540	(88,511)
Licenses and Permits	52,400	52,445	96,924	44,479
Sales and Services	897,945	920,400	943,284	22,884
Investment Earnings	37,100	37,100	34,462	(2,638)
Miscellaneous	33,600	32,186	36,076	3,890
Total Revenues	<u>6,109,974</u>	<u>6,549,782</u>	<u>6,676,474</u>	<u>126,692</u>
Expenditures				
Governing Body	46,640	46,640	45,226	1,414
Administration	359,345	359,345	238,196	121,149
Finance	364,070	364,070	291,617	72,453
Legal	50,000	50,000	23,586	26,414
Building and Grounds	190,100	190,100	44,735	145,365
Police	2,249,230	2,306,246	2,266,771	39,475
Fire Inspections	27,867	27,867	27,867	-
Planning and Zoning	272,525	270,725	258,247	12,478
Streets	621,645	624,115	601,311	22,804
Streets - Powell Bill	340,060	578,060	242,857	335,203
Sanitation	712,000	712,000	699,360	12,640
Parks and Recreation	948,115	934,225	834,919	99,306
Senior Adults Association	13,005	19,335	16,640	2,695
Library	222,890	229,890	223,352	6,538
Community Promotions	64,378	378,980	374,040	4,940
Non-Departmental	75,000	30,948	-	30,948
Total Expenditures	<u>6,556,870</u>	<u>7,122,546</u>	<u>6,188,724</u>	<u>933,822</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues Over (Under) Expenditures	\$ (446,896)	\$ (572,764)	\$ 487,750	\$ 1,060,514
Other Financing Sources (Uses)				
Transfers from Other Funds	141,156	141,156	31,156	(110,000)
Transfers to Other Funds	-	(1,128,688)	(1,128,688)	-
Total Other Financing Sources (Uses)	141,156	(987,532)	(1,097,532)	(110,000)
Revenues and Other Financing Sources Over (Under) Expenditures	(305,740)	(1,560,296)	(609,782)	950,514
Fund Balance Appropriated	(237,740)	1,560,296	-	(1,560,296)
Net Change in Fund Balance	\$ (543,480)	\$ -	(609,782)	\$ (609,782)
Fund Balance - Beginning of Year			7,397,674	
Fund Balance - End of Year			\$ 6,787,892	

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Net Assets

Proprietary Funds

June 30, 2011

	<u>Major</u> <u>Water</u> <u>and</u> <u>Sewer</u>	<u>Non-Major</u> <u>Stormwater</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
ASSETS			
Current Assets			
Cash and Investments	\$ 4,225,715	\$ 289,610	\$ 4,515,325
Accounts Receivable (Net) - Billed	430,856	45,351	476,207
Accounts Receivable (Net) - Unbilled	164,197	-	164,197
Due from Other Governments	14,626	7,710	22,336
Total Current Assets	<u>4,835,394</u>	<u>342,671</u>	<u>5,178,065</u>
Noncurrent Assets			
Capital Assets			
Water Rights, Net of Amortization	8,497,194	-	8,497,194
Wastewater Treatment Rights, Net of Amortization	3,740,090	-	3,740,090
Land and Other Nondepreciable Assets	307,396	-	307,396
Other Capital Assets, Net of Depreciation	15,700,036	90,651	15,790,687
Total Capital Assets	<u>28,244,716</u>	<u>90,651</u>	<u>28,335,367</u>
Total Noncurrent Assets	<u>28,244,716</u>	<u>90,651</u>	<u>28,335,367</u>
Total Assets	\$ <u><u>33,080,110</u></u>	\$ <u><u>433,322</u></u>	\$ <u><u>33,513,432</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Net Assets

Proprietary Funds

June 30, 2011

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 250,729	\$ 5,730	\$ 256,459
Interest Payable	15,725	-	15,725
Customer Deposits	117,294	-	117,294
Unearned Revenue	2,883	-	2,883
Compensated Absences Payable - Current	19,000	3,000	22,000
Installment Notes Payable - Current	513,664	6,362	520,026
Interlocal Agreements Payable -Current	211,302	-	211,302
Total Current Liabilities	<u>1,130,597</u>	<u>15,092</u>	<u>1,145,689</u>
Noncurrent Liabilities			
Compensated Absences Payable	5,077	8,027	13,104
Installment Notes Payable	5,520,375	-	5,520,375
Interlocal Agreements Payable	5,029,159	-	5,029,159
Other Postemployment Benefits	12,210	4,577	16,787
Total Noncurrent Liabilities	<u>10,566,821</u>	<u>12,604</u>	<u>10,579,425</u>
Total Liabilities	\$ <u>11,697,418</u>	\$ <u>27,696</u>	\$ <u>11,725,114</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	16,970,216	84,289	17,054,505
Unrestricted	<u>4,412,476</u>	<u>321,337</u>	<u>4,733,813</u>
Total Net Assets	\$ <u>21,382,692</u>	\$ <u>405,626</u>	\$ <u>21,788,318</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Major</u> <u>Water</u> <u>and</u> <u>Sewer</u>	<u>Non-Major</u> <u>Stormwater</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
Operating Revenues			
Charges for Services	\$ 3,437,734	\$ -	\$ 3,437,734
Water and Sewer Taps	9,742	-	9,742
Impact and Acreage Fees	41,988	-	41,988
Stormwater Fees	-	467,654	467,654
Other Operating Revenues	156,516	717	157,233
Total Operating Revenues	<u>3,645,980</u>	<u>468,371</u>	<u>4,114,351</u>
Operating Expenses			
Salaries and Employee Benefits	403,142	177,691	580,833
Water Purchases	463,376	-	463,376
Waste Disposal and Treatment Costs	375,082	-	375,082
Other Operating Expenses	553,096	165,457	718,553
Depreciation	582,648	30,666	613,314
Amortization	355,427	-	355,427
Total Operating Expenses	<u>2,732,771</u>	<u>373,814</u>	<u>3,106,585</u>
Operating Income	<u>913,209</u>	<u>94,557</u>	<u>1,007,766</u>
Nonoperating Revenues (Expenses)			
Investment Earnings	20,973	1,038	22,011
Interest Expense	(550,602)	(748)	(551,350)
Total Nonoperating Revenues (Expenses)	<u>(529,629)</u>	<u>290</u>	<u>(529,339)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
Income (Loss) Before Transfers	383,580	94,847	478,427
Transfers to Other Funds	-	(31,156)	(31,156)
Change in Net Assets	383,580	63,691	447,271
Net Assets - Beginning of Year	20,999,112	341,935	21,341,047
Net Assets - End of Year	\$ <u>21,382,692</u>	\$ <u>405,626</u>	\$ <u>21,788,318</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
Cash Flows from Operating Activities			
Cash Received from Customers and Users	\$ 3,429,267	467,618	\$ 3,896,885
Cash Paid for Goods and Services	(959,913)	(171,218)	(1,131,131)
Cash Paid to Employees for Services	(401,294)	(174,535)	(575,829)
Customer Deposits Received	32,370	-	32,370
Customer Deposits Returned	-	-	-
Other Operating Revenues	156,516	-	156,516
Net Cash Provided by Operating Activities	<u>2,256,946</u>	<u>121,865</u>	<u>2,378,811</u>
Cash Flows from NonCapital Financing Activities			
Transfers to Other Funds	<u>-</u>	<u>(31,156)</u>	<u>(31,156)</u>
Cash Flows from Capital and Related Financing Activities			
Interest Paid on Notes	(556,785)	(748)	(557,533)
Principal Paid on Note Maturities	(705,504)	(24,856)	(730,360)
Proceeds from Interlocal Agreements	184,565	-	
Acquisition and Construction of Capital Assets	(393,546)	(70,000)	(463,546)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,471,270)</u>	<u>(95,604)</u>	<u>(1,751,439)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>20,973</u>	<u>1,038</u>	<u>22,011</u>
Net Increase in Cash and Cash Equivalents	806,649	(3,857)	802,792
Cash and Cash Equivalents - Beginning of Year	<u>3,419,066</u>	<u>293,467</u>	<u>3,712,533</u>
Cash and Cash Equivalents - End of Year	\$ <u><u>4,225,715</u></u>	\$ <u><u>289,610</u></u>	\$ <u><u>4,515,325</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF ARCHDALE, NORTH CAROLINA

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2011

	<u>Major Water and Sewer</u>	<u>Non-Major Stormwater</u>	<u>Total Proprietary Funds</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ 913,209	\$ 94,557	\$ 1,007,766
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation	582,648	30,666	613,314
Amortization	355,427	-	355,427
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(60,699)	(753)	(61,452)
(Increase) Decrease in Due from Other Governments	364,875	(6,926)	357,949
Increase (Decrease) in Accounts Payable and Accrued Liabilities	66,766	1,165	67,931
Increase (Decrease) in Customer Deposits	32,370	-	32,370
Increase (Decrease) in Unearned Revenue	502	-	502
Increase (Decrease) in Compensated Absences Payable	(2,244)	1,622	(622)
Increase (Decrease) in Other Postemployment Benefits	4,092	1,534	5,626
Total Adjustments	<u>1,343,737</u>	<u>27,308</u>	<u>1,371,045</u>
Net Cash Provided by Operating Activities	\$ <u>2,256,946</u>	\$ <u>121,865</u>	\$ <u>2,378,811</u>

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Archdale conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Archdale is a municipal corporation that is governed by an elected mayor and a six-member council.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities; however, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state and federal grants, and various other taxes and licenses. The primary expenditures are for police, streets, streets – Powell Bill, sanitation, and parks and recreation.

City Hall Capital Projects Fund. This fund is use to account for the construction of a new municipal office building.

The City reports the following non-major governmental funds:

Parks and Recreation and Public Works Maintenance Facilities. This fund is used to account for the construction and maintenance of parks and recreation and public works maintenance facilities.

PARTF Capital Projects Fund. This fund is used to account for the construction of new park facilities.

The City reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the City's water and sewer operations. Included as a subfund is the Water and Sewer Capital Reserve Fund.

The City reports the following non-major enterprise fund:

Stormwater Fund. This fund is used to account for the City's stormwater operations.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Randolph and Guilford counties are responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in each county, including the City of Archdale. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as deferred revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds, including the Water and Sewer Capital Reserve Fund. All annual appropriations lapse at the fiscal-year end. A project ordinance is adopted for the Capital Projects Funds. The enterprise fund projects and reserve funds are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the general fund and the fund or project level for the remaining funds. All amendments must be approved by the governing board, with the exception that the City Manager may transfer amounts of up to \$10,000 between departments of the same fund with an official report on such transactions at the next regular meeting of the City Council. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

All deposits of the City are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

1. Deposits and Investments (Continued)

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Cash collected for drug forfeitures and seizures are classified as restricted assets for the General Fund because their use is completely restricted to the purpose for which the cash was received. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. As allowed by state law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government – wide and fund financial statements and expensed as the items are used.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$100; buildings and improvements, \$20,000; furniture and equipment, \$5,000; vehicles, \$10,000; and infrastructure, \$100,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2003 are not recorded. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Land Improvements, Infrastructure, and Buildings	25 – 50
Furniture, Fixtures, Equipment, Heavy Equipment, and Vehicles	5 – 10
Wastewater Treatment Rights, Water Treatment Rights and Other Intangible Assets	20 – 50

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

9. Compensated Absences

The vacation policy of the City provides for the accumulation of up to twenty-two and a half days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. Under this method, the portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

10. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Items – Portion of fund balance that is not an available resource because it represents the year-end balance of costs applicable to future accounting periods, which are not spendable resources.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)]

Restricted for Streets – Powell Bill portion of the fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for law enforcement purposes.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, and Fund Equity (Continued)

10. Net Assets/Fund Balances (Continued)

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Archdale’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. The City does not currently have committed fund balance

Assigned Fund Balance – portion of fund balance that City of Archdale intends to use for specific purposes.

Assigned for City Hall – portion of fund balance that has been budgeted by the board for construction of a new municipal office building.

Assigned for Maintenance Building – portion of fund balance that has been budgeted by the board for the construction and maintenance of parks and recreation and public works maintenance facilities.

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations among departments within the same fund up to \$10,000.

Assigned for Economic Development – portion of fund balance assigned by the City Council for economic development.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Archdale has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City of Archdale has not yet formally adopted its policy regarding minimum levels of available fund balance.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S.159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the City's deposits had a carrying amount of \$10,585,744 and a bank balance of \$10,845,520. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2011, the City's petty cash funds totaled \$350, the Water fund has cash drawer funds in the amount of \$75, and the Police department has \$2,790 in police investigation funds.

2. Investments

At June 30, 2011, the City of Archdale had \$1,181,912 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Assets are net of the following allowances for doubtful accounts:

Fund	06/30/2011
Water Fund:	
Water and Sewer Billings	\$ 32,550
Total	\$ 32,550

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Due from Other Governments

Amounts due from governmental agencies consist of the following:

Governmental Funds

Sales and Use Tax Distribution	\$ 399,991
Utilities Franchise and Telecommunications Tax	135,116
Sales Tax Refunds	38,157
Property Tax Collections	18,339
Senior Phone Reimbursement	230
Solid Waste Disposal Tax	1,566
ABC Board Profit Distribution	171
State Grants	96,000
High Point Metropolitan Planning Organization	23,600
Total	<u>\$ 713,170</u>

Enterprise Funds

Sales Tax Refunds	\$ 22,336
Total	<u>\$ 22,336</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,351,411	-	-	\$ 2,351,411
Construction in progress	1,086,661	89,538	(1,042,757)	133,442
Street Rights-of-Way	3,976,910	-	-	3,976,910
Total capital assets not being Depreciated	<u>7,414,982</u>	<u>89,538</u>	<u>(1,042,757)</u>	<u>6,461,763</u>
Capital assets being depreciated:				
Buildings	4,394,770	1,120,704	-	5,515,474
Land improvements	1,293,023	498,816	-	1,791,839
Equipment and Vehicles	2,494,561	140,359	-	2,634,920
Total capital assets being Depreciated	<u>8,182,354</u>	<u>1,759,879</u>	<u>-</u>	<u>9,942,233</u>
Less accumulated depreciation for:				
Buildings	1,284,115	111,672	-	1,395,787
Land improvements	467,429	95,488	-	562,917
Equipment and Vehicles	1,511,559	236,743	-	1,748,302
Total accumulated depreciation	<u>3,263,103</u>	<u>443,903</u>	<u>-</u>	<u>3,707,006</u>
Total capital assets being depreciated, net	<u>4,919,251</u>			<u>6,235,227</u>
Governmental activity capital assets, net	<u>\$ 12,334,233</u>			<u>\$ 12,696,990</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

General government	\$	7,215
Public safety		167,501
Transportation		73,545
Cultural and recreation		195,642
Total	\$	<u>443,903</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 307,396	\$ -	\$ -	\$ 307,396
Construction-in-progress	-	-	-	-
Total capital assets not being depreciated	<u>307,396</u>	<u>-</u>	<u>-</u>	<u>307,396</u>
Capital assets being depreciated:				
Equipment	629,485	184,180	(77,649)	736,016
Water distribution system	6,651,808	184,565	-	6,836,373
Sewer collection system	17,671,668	-	-	17,671,668
Total capital assets being depreciated	<u>24,952,961</u>	<u>368,745</u>	<u>(77,649)</u>	<u>25,244,057</u>
Less accumulated depreciation for:				
Equipment	330,472	64,206	(77,649)	317,029
Water distribution system	2,520,525	157,484	-	2,678,009
Sewer collection system	6,188,025	360,958	-	6,548,983
Total accumulated depreciation	<u>9,039,022</u>	<u>582,648</u>	<u>(77,649)</u>	<u>9,544,021</u>
Total capital assets being depreciated, net	<u>\$ 15,913,939</u>			<u>\$ 15,700,036</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

5. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets being amortized, net:				
Water rights	4,213,375	4,478,549	-	8,691,924
Wastewater treatment rights	4,500,000	525,787	-	5,025,787
Total capital assets being amortized:	<u>8,713,375</u>	<u>5,004,336</u>	<u>-</u>	<u>13,717,711</u>
Less accumulated amortization for:				
Water rights	-	194,730	-	194,730
Wastewater treatment rights	1,125,000	160,697	-	1,285,697
	<u>1,125,500</u>	<u>355,427</u>	<u>-</u>	<u>1,480,427</u>
Total capital assets being amortized, net	<u>7,588,375</u>			<u>12,237,284</u>
Water and Sewer Fund capital assets, net	<u>\$ 23,809,710</u>			<u>\$ 28,244,716</u>
 Stormwater Fund				
Capital assets being depreciated:				
Equipment	104,036	70,000	-	174,036
Total capital assets being depreciated	<u>104,036</u>	<u>70,000</u>	<u>-</u>	<u>174,036</u>
Less accumulated depreciation for:				
Equipment	52,719	30,666	-	83,385
Total accumulated depreciation	<u>52,719</u>	<u>30,666</u>	<u>-</u>	<u>83,385</u>
Total capital assets being depreciated, net	<u>\$ 51,317</u>			<u>\$ 90,651</u>
Business-type activity capital assets, net	<u>\$ 23,861,027</u>			<u>\$ 28,335,367</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

6. Intangible Assets

Intangible assets at June 30, 2011 consisted of the following:

Water Rights

The City in conjunction with five other governments, entered into a joint governmental agreement with the Piedmont Triad Regional Water Authority (PTRWA). PTRWA was established to construct a dam facility, water treatment plant and related distribution lines. According to the joint governmental agreement, the participating governments do not have an equity interest in the joint venture, but rather rights to water in the reservoir. The participating governments have the right to purchase future treated water based upon their pre-determined share, according to a uniform rate structure set by PTRWA. Accordingly, intangible assets have been recorded at cost in the government-wide financial statements at June 30, 2011. An intangible asset for the City's portion of the dam and reservoir cost, in the amount of \$4,513,558, is being amortized over 50 years using the straight-line method. An intangible asset for the City's portion of the water treatment plant and distribution lines cost, in the amount of \$4,178,366, is being amortized over 40 years using the straight-line method.

	Dam & Reservoir		Plant & Lines		Total
Rights purchased	\$ 4,513,558	\$	4,178,366	\$	8,691,924
Accumulated amortization	(90,271)		(104,459)		(194,730)
Unamortized balance	<u>\$ 4,423,287</u>	\$	<u>4,073,907</u>	\$	<u>8,497,194</u>

Wastewater Treatment Rights

The City has a joint-use facility agreement with the City of High Point for wastewater treatment. The City has recorded an intangible asset of \$4,500,000, which is being amortized over a forty year term, for the City's share of the capacity-use allocation to upgrade and expand the Eastside Wastewater Treatment Plant. An additional \$525,787 intangible asset has been recorded for the City's share of an upgrade project for odor control at the Eastside Wastewater Treatment Plant. This cost is being amortized over the 20 year life of the project using the straight-line method.

	Eastside Expansion		Odor Control		Total
Rights purchased	\$ 4,500,000	\$	525,787	\$	5,025,787
Accumulated amortization	(1,237,500)		(48,197)		(1,285,697)
Unamortized balance	<u>\$ 3,262,500</u>	\$	<u>455,682</u>	\$	<u>3,740,090</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The City of Archdale contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.03% and 7.04%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Archdale are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$177,326, \$126,490, and \$123,797, respectively. The contributions made by the City equaled the required contributions for each year.

b. Supplemental Retirement Income Plan

1. Plan Description

The City of Archdale contributes amounts for law enforcement officers to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. In addition, the City has elected to contribute amounts for employees not engaged in law enforcement under this plan. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Supplemental Retirement Income Plan (Continued)

2. Funding Policy

Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. For employees not engaged in law enforcement, the City has elected to contribute each month an amount equal to 5% of each employee's salary. Also, the law enforcement officers and employees not engaged in law enforcement may make voluntary contributions to the Plan. Contributions for law enforcement officers for the year ended June 30, 2011 were \$79,645, which consisted of \$52,580 from the City and \$27,065 from law enforcement officers. Contributions for employees not engaged in law enforcement for the year ended June 30, 2011 were \$149,990, which consisted of \$84,323 from the City and \$65,667 from the employees.

c. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The City of Archdale administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance does not issue a standalone financial report. Financial and trend information is presented as required supplementary information following these notes.

All full time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	22
Total	<u>26</u>

A separate report was not issued for the plan.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Law Enforcement Officers Special Separation Allowance (Continued)

2. Summary of Significant Accounting Policies

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5 – 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2009 was 21 years.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 59,125
Interest on net pension obligation	5,223
Less adjustment of annual required contribution	<u>(5,592)</u>
Annual pension cost	58,756
Less contributions made	<u>54,557</u>
Increase (decrease) in net pension obligation	4,199
Net pension obligation beginning of year	<u>104,456</u>
Net pension obligation end of year	<u>\$ 108,655</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Law Enforcement Officers Special Separation Allowance (Continued)

3. Contributions (Continued)

3 Year Trend Information

Year Ending June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 40,468	100.04%	\$ 118,328
2010	39,181	135.40%	104,456
2011	58,756	92.85%	108,655

4. Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$619,653. The covered payroll (annual payroll of active employees covered by the plan) was \$1,082,191, and the ratio of the UAAL to the covered payroll was 57.26 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Postemployment Benefit

a. Healthcare Benefits

Plan Description. Employees who retire under the provisions of the North Carolina Local Government Employees' Retirement System (NCLGERS) with twenty or more years of service with the City of Archdale and are at least 50 at the time of retirement, are eligible to participate in the City's Group Health Insurance Plan. Later transfer employees may also participate if they retire under the provisions of NCLGERS with at least thirty years of local government service and have at least ten or more years of service with the City of Archdale and are at least age 50 at the time of retirement. Dependents and/or family members of the retiree are not eligible to participate. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2009:

	General Employees:	Law Enforcement Officers:
Retirees receiving benefits	1	2
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	32	30
Total	<u>32</u>	<u>32</u>

Funding Policy. Eligible retirees may purchase, at their expense, group health insurance coverage on the City's group policy until they are Medicare eligible.

The current ARC rate is 1.21% of annual covered payroll. For the current year, the City contributed \$14,638 or 0.40% of annual covered payroll. The City obtains healthcare coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.0% and 0.90% of covered payroll, respectively. There were contributions of \$14,638 made by the employees. The City's obligation to contribute to HCB Plan is established and may be amended by the City Council.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Postemployment Benefit (Continued)

a. Healthcare Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 31,199
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>31,199</u>
Contributions made	<u>(10,320)</u>
Increase (decrease) in net OPEB obligation	20,879
Net OPEB obligation beginning of year	42,598
Net OPEB obligation end of year	<u><u>\$ 63,477</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 were as follows:

Year Ending June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 31,199	33.08%	\$ 63,477
2010	31,199	33.08	42,598
2009	31,199	30.39	21,719

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Postemployment Benefit (Continued)

a. Healthcare Benefits (Continued)

Funding Status and Funding Progress. As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$232,918. The covered payroll (annual payroll of active employees covered by the plan) was \$2,581,960, and the ratio of the UAAL to the covered payroll was 9.0 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions to be immaterial.

The City also provides group-term life insurance, which is equal to each employee's annual salary up to \$50,000. As a part of this benefit, each employee also receives accidental death and dismemberment coverage, which is again equal to annual salary up to \$50,000. The cost of benefits in excess of \$50,000 are taxable to the employee as a fringe benefit.

C. Deferred / Unearned Revenues

The balance in deferred / unearned revenues at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid Licenses (General Fund)	\$ -	\$ 70,753
Customer Overpayments (Water Fund)	-	2,883
Taxes Receivable (General Fund)	103,006	-
Total	<u>\$ 103,006</u>	<u>\$ 73,636</u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance coverage which provides for the following types of major coverage for the amounts of retained risk noted: general liability (\$2,000,000), comprehensive law enforcement liability (\$2,000,000), public officials' liability (\$2,000,000), auto liability coverage (\$2,000,000) and employee health coverage with an unlimited lifetime limit. The City also carries workers' compensation coverage of up to \$1,000,000. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three years.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The City carries flood insurance coverage up to a limit of coverage of \$1,000,000 with a 10% deductible (\$50,000 minimum per covered location); the annual aggregate is \$1,000,000.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance director is individually bonded for \$250,000. All remaining employees are bonded under a blanket bond for \$250,000.

E. Long-Term Obligations

1. Notes Payable

In March 2006, a note was executed with Bank of America by the City for construction of water and sewer lines, a water tank, and pump station. The City has also entered into a note payable with Branch Banking and Trust for the purchase of new vehicles and equipment. In September 2009, a note was executed to Community One Bank for the construction and renovation of maintenance facilities.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

1. Notes Payable (Continued)

Governmental Activities:

\$1,260,000 note, dated September 2009, payable to Community One Bank,
principal payable in 40 quarterly installments of \$31,500 each plus
interest payable at 3.99%, unsecured

	1,039,500
	<u>1,039,500</u>
Less current portion:	<u>126,000</u>
Total	\$ <u><u>913,500</u></u>

The future minimum payments on the notes payable as of June 30, 2011 are as follows:

Year Ending June 30	Governmental Type Activities	
	Principal	Interest
2012	126,000	40,251
2013	126,000	35,045
2014	126,000	29,948
2015	126,000	24,851
2016	126,000	19,806
2017-2021	409,500	28,998
Total	\$ <u><u>1,039,500</u></u>	\$ <u><u>178,899</u></u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

1. Notes Payable (Continued)

Business Type Activities – Enterprise Fund – Water/Sewer Funds

\$4,845,000 note, dated November 2002, payable to the State of North Carolina Sewer Revolving Loan, principal payable in 20 annual installments of \$242,250 and semi-annual interest installments 2.66%. \$ 2,907,000

\$4,400,000 note, dated March 2006, payable to Bank of America, interest and principal payable in 180 monthly installments of \$31,854 each including interest payable at 3.68%. 3,127,039

\$4,753,361 note payable to Piedmont Triad Regional Water Authority, interest and principal payable in 37 semi annual installments of \$378, 518 each including interest payable at 4.41%. 4,582,607

\$525,787 note payable to City of High Point, interest and principal payable in 228 monthly installments of \$2,191 each plus interest payable at an overall effective rate of .02%. 477,590

\$184,565 note payable to Davidson Water, interest and principal payable in 240 monthly installments of \$1,070 each including interest payable at 3.50%. 180,264

11,274,500

Less current portion:

724,966

Total \$ 10,549,534

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

1. Notes Payable (Continued)

Business Type Activities – Enterprise Fund – Stormwater Funds

\$94,950 note payable to Branch Banking and Trust, interest and principal payable in 48 monthly installments of \$2,134 each including interest payable at 3.76%.	\$	6,362
		<u>6,362</u>
Less current portion:		<u>6,362</u>
Total	\$	<u><u>-</u></u>

The long-term debt requirements to maturity for the business-type activities are as follows:

Year Ending June 30	Business Type Activities	
	Principal	Interest
2012	\$ 731,327	\$ 395,471
2013	743,614	370,340
2014	762,716	344,794
2015	782,591	318,475
2016	803,092	291,639
2017 – 2021	4,261,217	1,020,329
2022 – 2026	2,174,691	423,702
2027 – 2031	<u>1,021,614</u>	<u>67,764</u>
	\$ <u><u>11,280,862</u></u>	\$ <u><u>3,232,514</u></u>

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

E. Long-Term Obligations (Continued)

2. Changes in Long-Term Liabilities

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Current Portion of Balance
Governmental activities:					
Notes Payable	\$ 1,277,183	\$ -	\$ (237,683)	\$ 1,039,500	\$ 126,000
Compensated absences	159,195	126,956	(118,520)	167,631	118,000
Net pension obligation	104,456	58,756	(54,557)	108,655	-
Other post-employment benefits	31,437	25,573	(10,320)	46,690	-
Governmental activity long-term Liabilities	<u>\$ 1,572,271</u>	<u>\$ 211,285</u>	<u>\$ (421,080)</u>	<u>\$ 1,362,476</u>	<u>\$ 244,000</u>
Business-type activities:					
Note payable	\$ 6,569,417	\$ 5,441,807	\$ (730,362)	\$ 11,280,862	\$ 731,328
Compensated absences	35,726	22,020	(22,642)	35,104	22,000
Other post-employment benefits	11,161	5,626	-	16,787	-
Business-type activity long-term Liabilities	<u>\$ 6,616,304</u>	<u>\$ 5,469,453</u>	<u>\$ (753,004)</u>	<u>\$ 11,332,753</u>	<u>\$ 753,328</u>

Compensated absences typically have been liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave as it is earned.

F. Commitments

The City has a joint-use facility agreement with the City of High Point for wastewater treatment. The City has 2.5 million-gallons-per-day (MPG) wastewater treatment capacity. The commodity rate is adjusted annually based on the operating costs of the plant during the previous fiscal year. In addition, the City is committed to participate in a 10% share of capital maintenance and repair projects. See notes II-A-6 and II-B-6 of these notes to the financial statements for information on wastewater treatment rights and related liability.

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

II. DETAIL NOTES ON ALL FUNDS (Continued)

G. Interfund Balances and Activity

Transfers to/from Other Funds

Transfers to/from other funds at June 30, 2011, consist of the following:

From the General Fund to the PARTF Grant Fund	\$ 128,688
From the General Fund to the City Hall Capital Projects Fund	1,000,000
From the Stormwater Fund to the General Fund to reimburse direct stormwater expenses incurred prior to establishing a Stormwater Enterprise Fund	<u>31,156</u>
Total	<u>\$ 1,159,844</u>

H. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance – General Fund	\$ 6,787,892
Less:	
Stabilization by State Statute	800,097
Streets – Powell Bill	807,383
Public Safety	126,671
Prepaid Items	4,001
Economic Development	287,120
Appropriated Fund Balance in 2012 budget	465,394
Remaining Fund Balance	4,297,226

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	General Fund	Non-Major Funds
	\$ 9,123	-
	\$ 59,790 – from restricted for transportation	

CITY OF ARCHDALE, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Fiscal Year Ended June 30, 2011

III. Jointly Governed Organization

The City, in conjunction with six counties and 25 other municipalities established the Piedmont Triad Regional Council of Governments (PTCOG). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$2,055 to the Council during the fiscal year ended June 30, 2011. As of July 1, 2011 the PTCOG and the Northwest Piedmont Council of Governments consolidated to form the Piedmont Triad Regional Council.

IV. Joint Ventures

The City, in conjunction with five other governments, participates in the Piedmont Triad Regional Water Authority. The Authority was established to develop a regional water supply, whereby each participant contributes funds to acquire land, develop a reservoir, and construct a dam and water treatment plant. The Authority's board is composed of ten members, one of which is appointed by the City Council. The participating governments are legally obligated under the 1987 intergovernmental agreement that created the Authority to contribute a pre-determined share of the construction costs and membership dues. The City of Archdale's funding share is 4.6%, based on the percentage of future water allocations. The City has a take-or-pay contract with the Authority for 100,000 gallons per day. Complete financial statements for the Authority may be obtained from the Authority's administrative offices at 7297 Adams Farm Road, Randleman, NC 27317.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.



Required Supplemental Financial Data

CITY OF ARCHALE, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1999	\$ -	\$ 114,044	\$ 114,044	0.00%	\$ 761,558	14.98%
12/31/2000	-	188,994	188,994	0.00%	657,895	28.73%
12/31/2001	-	243,320	243,320	0.00%	719,254	33.83%
12/31/2002	-	258,348	258,348	0.00%	736,237	35.09%
12/31/2003	-	251,717	251,717	0.00%	759,151	33.16%
12/31/2004	-	291,467	291,467	0.00%	811,969	35.90%
12/31/2005	-	281,746	281,746	0.00%	954,177	29.53%
12/31/2006	-	299,387	299,387	0.00%	1,034,205	28.95%
12/31/2007	-	327,278	327,278	0.00%	1,070,066	30.58%
12/31/2008	-	309,854	309,854	0.00%	1,073,859	28.85%
12/31/2009	-	643,429	643,429	0.00%	924,307	69.61%
12/31/2010	-	619,653	619,653	0.00%	1,082,191	57.26%

CITY OF ARCHDALE, NORTH CAROLINA
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Employer Contributions

Year Ended June 30	Annual Pension Cost	Annual Percentage Contributed
2005	\$ 29,759	54.57%
2006	34,980	46.43%
2007	35,151	46.20%
2008	37,217	43.64%
2009	40,468	100.04%
2010	39,181	135.40%
2011	58,756	92.85%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	21 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increases	4.5% - 12.3%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A

CITY OF ARCHALE, NORTH CAROLINA

Other Postemployment Benefits

Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 232,918	\$ 232,918	0.00%	\$ 2,581,960	9.00%

CITY OF ARCHDALE, NORTH CAROLINA
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Annual Percentage Contributed</u>
2009	\$ 31,199	30.39%
2010	31,999	33.08%
2011	31,999	33.08%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date	12/31/2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Open
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.00%
Medical Cost Trend	10.50% - 5.00%
Includes Inflation at	3.75%
Cost of Living Adjustments	N/A



Major Governmental Funds

General Fund

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad Valorem Taxes			
Current Year - Property	\$	\$ 2,695,345	\$
Prior Years - Property		13,471	
Penalties and Interest		9,774	
Total Ad Valorem Taxes	<u>2,661,800</u>	<u>2,718,590</u>	<u>56,790</u>
 Unrestricted Intergovernmental			
Local Option Sales Tax		1,492,971	
Utility Franchise Tax		566,432	
Beer and Wine Tax		43,475	
ABC Profit Distribution		720	
Total Unrestricted Intergovernmental	<u>2,013,800</u>	<u>2,103,598</u>	<u>89,798</u>
 Restricted Intergovernmental			
State Grants		291,722	
Federal Grants		40,741	
Powell Bill Allocation		271,533	
Controlled Substance Tax		120,602	
Randolph County		10,000	
Miscellaneous		8,942	
Total Restricted Intergovernmental	<u>832,051</u>	<u>743,540</u>	<u>(88,511)</u>
 Licenses and Permits			
Building Permits and Fees		5,685	
Privilege Licenses		91,239	
Total Licenses and Permits	<u>52,445</u>	<u>96,924</u>	<u>44,479</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sales and Services			
Recreation Department Fees	\$	\$ 183,821	\$
Solid Waste		591,712	
Recycling		157,751	
Shared Expense Reimbursement		10,000	
Total Sales and Services	<u>920,400</u>	<u>943,284</u>	<u>22,884</u>
Investment Earnings			
General Fund		33,463	
Powell Bill		999	
Total Investment Earnings	<u>37,100</u>	<u>34,462</u>	<u>(2,638)</u>
Miscellaneous			
Proceeds from Sales of Fixed Assets		4,675	
Other		31,401	
Total Miscellaneous	<u>32,186</u>	<u>36,076</u>	<u>3,890</u>
Total Revenues	<u>6,549,782</u>	<u>6,676,474</u>	<u>126,692</u>
Expenditures			
Governing Body			
Salaries and Employee Benefits		35,008	
Other Operating Expenditures		10,218	
Total Governing Body	<u>46,640</u>	<u>45,226</u>	<u>1,414</u>
Administration			
Salaries and Employee Benefits		208,512	
Other Operating Expenditures		29,684	
Total Administration	<u>359,345</u>	<u>238,196</u>	<u>121,149</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Finance			
Salaries and Employee Benefits	\$	\$ 229,794	\$
Contract Services		35,684	
Other Operating Expenditures		26,139	
Total Finance	<u>364,070</u>	<u>291,617</u>	<u>72,453</u>
Legal			
Professional Services	<u>50,000</u>	<u>23,586</u>	<u>26,414</u>
Buildings and Grounds			
Salaries and Employee Benefits		154	
Other Operating Expenditures		44,581	
Total Buildings and Grounds	<u>190,100</u>	<u>44,735</u>	<u>145,365</u>
Police			
Salaries and Employee Benefits		1,779,927	
Repairs and Maintenance		38,704	
Fuel, Gas, and Oil		65,018	
Other Operating Expenditures		269,234	
Capital Outlay		113,888	
Total Police	<u>2,306,246</u>	<u>2,266,771</u>	<u>39,475</u>
Fire Inspections			
Contract Services	<u>27,867</u>	<u>27,867</u>	<u>-</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Planning and Zoning			
Salaries and Employee Benefits	\$	\$ 206,728	\$
Other Operating Expenditures		51,519	
Total Planning and Zoning	<u>270,725</u>	<u>258,247</u>	<u>12,478</u>
Streets			
Salaries and Employee Benefits		242,517	
Utilities		137,662	
Repairs and Maintenance		16,697	
Other Operating Expenditures		76,005	
Debt Service:			
Principal		94,500	
Interest		33,930	
Total Streets	<u>624,115</u>	<u>601,311</u>	<u>22,804</u>
Streets - Powell Bill			
Street Repairs and Maintenance		235,378	
Capital Outlay		7,479	
Total Streets - Powell Bill	<u>578,060</u>	<u>242,857</u>	<u>335,203</u>
Sanitation			
Contract Services	<u>712,000</u>	<u>699,360</u>	<u>12,640</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Parks and Recreation			
Salaries and Employee Benefits	\$	\$ 511,532	\$
Utilities		49,188	
Repairs and Maintenance		43,853	
Other Operating Expenditures		138,407	
Debt Service:			
Principal		31,500	
Interest		11,310	
Capital Outlay		49,129	
Total Parks and Recreation	<u>934,225</u>	<u>834,919</u>	<u>99,306</u>
Senior Adults Association			
Other Operating Expenditures	<u>19,335</u>	<u>16,640</u>	<u>2,695</u>
Library			
Payment to Randolph County		70,048	
Other Operating Expenditures		39,172	
Debt Service:			
Principal		111,683	
Interest		2,449	
Total Library	<u>229,890</u>	<u>223,352</u>	<u>6,538</u>
Community Promotions			
Other Operating Expenditures	<u>378,980</u>	<u>374,040</u>	<u>4,940</u>
Non-Departmental	<u>30,948</u>	<u>-</u>	<u>30,948</u>
Total Expenditures	<u>7,122,546</u>	<u>6,188,724</u>	<u>933,822</u>
Revenues Over (Under)			
Expenditures	<u>(572,764)</u>	<u>487,750</u>	<u>1,060,514</u>

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources			
Transfers In:			
Stormwater Fund	\$ 141,156	\$ 31,156	\$ (110,000)
Transfers Out:			
PARTF Capital Projects Fund	(128,688)	(128,688)	
City Hall Capital Projects Fund	(1,000,000)	(1,000,000)	-
Total Other Financing Sources	<u>(987,532)</u>	<u>(1,097,532)</u>	<u>(110,000)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	(1,560,296)	(609,782)	950,514
Fund Balance Appropriated	<u>1,560,296</u>	<u>-</u>	<u>(1,560,296)</u>
Net Change in Fund Balance	\$ <u><u>-</u></u>	(609,782)	\$ <u><u>(609,782)</u></u>
Fund Balance - Beginning of Year		<u>7,397,674</u>	
Fund Balance - End of Year		\$ <u><u>6,787,892</u></u>	



Major Governmental Funds

Capital Project Funds

CITY OF ARCHDALE, NORTH CAROLINA
 Capital Projects Funds
 City Hall Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2011

	Actual				
	Project Authorization	Prior Year	Current Year	Totals to Date	Variance Positive (Negative)
Revenues					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Buildings and Grounds					
Capital Outlay	1,000,000	-	77,376	77,376	922,624
Revenues Over (Under)					
Expenditures	(1,000,000)	-	(77,376)	(77,376)	922,624
Other Financing Sources (Uses)					
Transfers in:					
General Fund	1,000,000	-	1,000,000	1,000,000	-
Total Other Financing Sources (Uses)	1,000,000	-	1,000,000	1,000,000	-
Net Change in Fund Balance	\$ -	\$ -	922,624	\$ 922,624	\$ 922,624
Fund Balance, Beginning			-		
Fund Balance, Ending			\$ 922,624		

Nonmajor Governmental Funds

CITY OF ARCHDALE, NORTH CAROLINA
Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Parks and Recreation and Public Works Maintenance Facilities	PARTF Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 91,314	\$ -	\$ 91,314
Due from Other Governments	<u>1,319</u>	<u>7,474</u>	<u>8,793</u>
Total Assets	<u>\$ 92,633</u>	<u>\$ 7,474</u>	<u>\$ 100,107</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to General Fund	\$ -	\$ 7,474	\$ 7,474
Total Liabilities	<u>-</u>	<u>7,474</u>	<u>7,474</u>
Fund Balances:			
Reserved For:			
State Statute	1,319	-	1,319
Unreserved	<u>91,314</u>	<u>-</u>	<u>91,314</u>
Total Fund Balances	<u>92,633</u>	<u>-</u>	<u>92,633</u>
Total Liabilities and Fund Balances	<u>\$ 92,633</u>	<u>\$ 7,474</u>	<u>\$ 100,107</u>

CITY OF ARCHDALE, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Parks and Recreation and Public Works Maintenance Facilities	PARTF Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues			
Restricted Intergovernmental Interest	\$ - 1,041	\$ 179,115 -	\$ 179,115 1,041
Total Revenues	<u>1,041</u>	<u>179,115</u>	<u>180,156</u>
Expenditures			
Street Department	109,996	-	109,996
Parks and Recreation	4,443	466,292	470,735
Total Expenditures	<u>114,439</u>	<u>466,292</u>	<u>580,731</u>
Excess (Deficiency) of Revenues Over Expenditures	(113,398)	(287,177)	(400,575)
Other Financing Sources			
Transfers from Other Funds	-	128,688	128,688
Net Change in Fund Balance	(113,398)	(158,489)	(271,887)
Fund Balance, Beginning	<u>206,031</u>	<u>158,489</u>	<u>364,520</u>
Fund Balance, Ending	\$ <u><u>92,633</u></u>	\$ <u><u>-</u></u>	\$ <u><u>92,633</u></u>



Nonmajor Governmental Funds

Capital Project Funds

CITY OF ARCHDALE, NORTH CAROLINA
 Capital Projects Funds
 PARTF Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2011

	Actual				
	Project Authorization	Prior Year	Current Year	Totals to Date	Variance Positive (Negative)
Revenues					
Restricted Intergovernmental:					
PARTF Grant	\$ 464,469	\$ 276,724	\$ 179,115	\$ 455,839	\$ (8,630)
Expenditures					
Parks and Recreation					
Capital Outlay	928,938	582,704	466,292	1,048,996	(120,058)
Revenues Over (Under)					
Expenditures	(464,469)	(305,980)	(287,177)	(593,157)	(128,688)
Other Financing Sources (Uses)					
Transfers in:					
General Fund	464,469	464,469	128,688	593,157	128,688
Total Other Financing Sources (Uses)	464,469	464,469	128,688	593,157	128,688
Net Change in Fund Balance	\$ -	\$ 158,489	(158,489)	\$ -	\$ -
Fund Balance, Beginning			158,489		
Fund Balance, Ending			\$ -		

CITY OF ARCHDALE, NORTH CAROLINA
 Capital Projects Funds
 Parks and Recreation and Public Works Maintenance Facilities Capital Project Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2011

	Actual				
	Project Authorization	Prior Year	Current Year	Totals to Date	Variance Positive (Negative)
Revenues					
Interest	\$ 5,000	\$ 5,064	\$ 1,041	\$ 6,105	\$ 1,105
Expenditures					
Street Department					
Other Operating	53,000	34,780	21,657	56,437	(3,437)
Capital Outlay	867,000	714,088	88,339	802,427	64,573
Total Street Department	920,000	748,868	109,996	858,864	61,136
Parks and Recreation					
Other Operating	18,700	8,582	286	8,868	9,832
Capital Outlay	268,400	251,436	4,157	255,593	12,807
Total Parks and Recreation	287,100	260,018	4,443	264,461	22,639
Total Expenditures	1,207,100	1,008,886	114,439	1,123,325	83,775
Revenues Over (Under)					
Expenditures	(1,202,100)	(1,003,822)	(113,398)	(1,117,220)	84,880
Other Financing Sources (Uses)					
Transfers out:					
General Fund	(57,900)	(50,147)	-	(50,147)	7,753
Installment Loan Proceeds	1,260,000	1,260,000	-	1,260,000	-
Total Other Financing Sources (Uses)	1,202,100	1,209,853	-	1,209,853	7,753
Net Change in Fund Balance	\$ -	\$ 206,031	(113,398)	\$ 92,633	\$ 92,633
Fund Balance, Beginning			206,031		
Fund Balance, Ending			\$ 92,633		



Major Enterprise Funds

Water and Sewer Fund

CITY OF ARCHDALE, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Water Charges	\$ 1,452,400	\$ 1,457,376	\$ 4,976
Sewer Charges	2,010,700	1,980,358	(30,342)
Water and Sewer Taps	4,000	9,742	5,742
Other Operating Revenues	150,100	156,516	6,416
Total Operating Revenues	<u>3,617,200</u>	<u>3,603,992</u>	<u>(13,208)</u>
Nonoperating Revenues			
Investment Earnings	13,000	9,647	(3,353)
Total Nonoperating Revenues	<u>13,000</u>	<u>9,647</u>	<u>(3,353)</u>
Total Revenues	<u>3,630,200</u>	<u>3,613,639</u>	<u>(16,561)</u>
Expenditures			
Salaries and Employee Benefits		401,294	
Water Purchases		463,376	
Waste Disposal and Treatment Costs		375,082	
Other Operating Expenditures		447,678	
Repairs and Maintenance		105,418	
Debt Service:			
Principal		705,504	
Interest		550,602	
Water Rights		24,801	
Capital Outlay		368,745	
Total Expenditures	<u>3,391,881</u>	<u>3,442,500</u>	<u>(50,619)</u>
Revenue Over Expenditures	<u>238,319</u>	<u>171,139</u>	<u>(67,180)</u>

CITY OF ARCHDALE, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses)			
Interlocal Agreement Proceeds	\$ -	\$ 184,565	\$ 184,565
Total Other Financing Sources (Uses)	<u>-</u>	<u>184,565</u>	<u>184,565</u>
 Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	 238,319	 355,704	 117,385
 Fund Balance Appropriated	 <u>(238,319)</u>	 <u>-</u>	 <u>238,319</u>
 Net Change in Fund Balance	 \$ <u>-</u>	 \$ <u>355,704</u>	 \$ <u>355,704</u>

CITY OF ARCHDALE, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)		\$ <u>355,704</u>	
Reconciling Items:			
Depreciation Expense		(582,648)	
Amortization Expense		(355,427)	
Interlocal Agreement Proceeds		(184,565)	
Principal Retirement		705,504	
Capital Outlays		368,745	
Accrued Vacation		2,244	
Other Postemployment Benefits		(4,092)	
Purchase of Water Rights		24,801	
Investment Earnings - Water and Sewer Capital Reserve Fund		11,326	
Operating Revenues - Water and Sewer Capital Reserve Fund		<u>41,988</u>	
Total Reconciling Items		<u>27,876</u>	
Net Income		\$ <u><u>383,580</u></u>	

CITY OF ARCHDALE, NORTH CAROLINA
Water and Sewer Capital Reserve Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating Revenues			
Impact Fees	\$ 5,000	\$ 15,650	\$ 10,650
Acreage Fees	-	26,338	26,338
Total Operating Revenues	<u>5,000</u>	<u>41,988</u>	<u>36,988</u>
Nonoperating Revenues			
Investment Earnings	<u>8,600</u>	<u>11,326</u>	<u>2,726</u>
Total Revenues	<u>13,600</u>	<u>53,314</u>	<u>39,714</u>
Appropriated Fund Balance	<u>(13,600)</u>	<u>-</u>	<u>70,000</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 53,314</u>	<u>\$ 53,314</u>



Nonmajor Enterprise Funds

CITY OF ARCHDALE, NORTH CAROLINA
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operating Revenues			
Stormwater Fees	\$ 457,000	\$ 467,654	\$ 10,654
Other Revenues	<u>-</u>	<u>717</u>	<u>717</u>
Nonoperating Revenues			
Investment Earnings	<u>300</u>	<u>1,038</u>	<u>738</u>
Total Revenues	<u>457,300</u>	<u>469,409</u>	<u>12,109</u>
Expenditures			
Salaries and Employee Benefits		174,535	
Other Operating Expenditures		165,457	
Debt Service:			
Principal		24,856	
Interest		748	
Capital Outlay		<u>70,000</u>	
Total Expenditures	<u>604,180</u>	<u>435,596</u>	<u>168,584</u>
Revenue Over (Under) Expenditures	<u>(146,880)</u>	<u>33,813</u>	<u>180,693</u>
Other Financing Sources (Uses)			
Transfer Out:			
General Fund	<u>(31,156)</u>	<u>(31,156)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(31,156)</u>	<u>(31,156)</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(178,036)</u>	<u>2,657</u>	<u>180,693</u>
Fund Balance Appropriated	<u>178,036</u>	<u>-</u>	<u>(178,036)</u>
Net Change in Fund Balance	\$ <u><u>-</u></u>	\$ <u><u>2,657</u></u>	\$ <u><u>2,657</u></u>

CITY OF ARCHDALE, NORTH CAROLINA
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Financing Sources			
Over (Under) Expenditures		\$ <u>2,657</u>	
Reconciling Items:			
Capital Outlay		70,000	
Depreciation Expense		(30,666)	
Principal Retirement		24,856	
Accrued Vacation		(1,622)	
Other Postemployment Benefits		<u>(1,534)</u>	
Total Reconciling Items		<u>61,034</u>	
Net Income		\$ <u><u>63,691</u></u>	



Other Schedules

CITY OF ARCHDALE, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2011

Fiscal Year	Uncollected Balance July 1, 2010	Additions and Adjustments	Collections and Credits	Uncollected Balance June 30, 2011
2010-11	\$ -	\$ 2,536,110	\$ 2,508,778	\$ 27,332
2009-10	18,542	-	8,142	10,400
2008-09	9,062	-	1,125	7,937
2007-08	2,473	-	82	2,391
2006-07	385	-	16	369
2005-06	435	-	8	427
2004-05	154	-	7	147
2003-04	122	-	1	121
2002-03	226	-	-	226
2001-02	103	-	-	103
2000-01	4,858	-	-	4,858
1999-2000	768	-	-	768
	<u>37,128</u>	<u>2,536,110</u>	<u>2,518,159</u>	<u>55,079</u>
Plus Uncollected Taxes Receivable on Registered Vehicles				
2010-11	-	241,178	213,460	27,718
Prior Years	<u>44,511</u>	<u>-</u>	<u>24,298</u>	<u>20,213</u>
	<u>44,511</u>	<u>241,178</u>	<u>237,758</u>	<u>47,931</u>
	\$ <u><u>81,639</u></u>	\$ <u><u>2,777,288</u></u>	\$ <u><u>2,755,917</u></u>	\$ <u><u>103,010</u></u>
Reconciliation with Revenues				
Ad Valorem Taxes - General Fund				\$ 2,718,508
Reconciling Items:				
Discounts Allowed				38,593
Taxes Released, Written Off, and Refunds				8,590
Interest and Penalties Collected				<u>(9,774)</u>
Total Collections and Credits			\$ <u><u>2,755,917</u></u>	

CITY OF ARCHDALE, NORTH CAROLINA

Analysis of Current Tax Levy

City-Wide Levy

June 30, 2011

	Town-Wide			Total Levy	
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 953,678,966	\$ 0.290	\$ 2,765,669	\$ 2,524,491	\$ 241,178
Penalties	-		2,215	2,215	-
	<u>953,678,966</u>		<u>2,767,884</u>	<u>2,526,706</u>	<u>241,178</u>
Discoveries:					
Current Year Taxes	<u>3,242,759</u>	0.290	<u>9,404</u>	<u>9,404</u>	<u>-</u>
Total Property Valuations	<u>\$ 956,921,725</u>				
Net Levy			2,777,288	2,536,110	241,178
Uncollected Taxes at June 30, 2011			<u>(55,050)</u>	<u>(27,332)</u>	<u>(27,718)</u>
Current Year's Taxes Collected			\$ <u>2,722,238</u>	\$ <u>2,508,778</u>	\$ <u>213,460</u>
Current Levy Collection Percentage			<u>98.02%</u>	<u>98.92%</u>	<u>88.51%</u>





STATISTICAL SECTION

- ♦ Financial Trends
 - ♦ Revenue Capacity
 - ♦ Debt Capacity
 - ♦ Demographics and Economic Condition
 - ♦ Operating Conditions



Statistical Section

This part of the City of Archdale's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF ARCHDALE, NORTH CAROLINA
Net Assets by Component
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net assets:								
Governmental activities:								
Invested in capital assets, net of related debt	\$ 8,555,195	\$ 9,496,383	\$ 9,786,997	\$ 10,284,364	\$ 10,657,135	\$ 11,065,349	\$ 11,057,050	\$ 11,750,122
Restricted	130,527	315,149	224,919	535,723	307,259	649,045	842,190	1,739,471
Unrestricted	<u>3,695,714</u>	<u>3,583,948</u>	<u>3,993,898</u>	<u>4,136,658</u>	<u>4,994,860</u>	<u>5,861,715</u>	<u>6,715,356</u>	<u>5,758,667</u>
Total governmental activities net assets	<u>\$ 12,381,436</u>	<u>\$ 13,395,480</u>	<u>\$ 14,005,814</u>	<u>\$ 14,956,745</u>	<u>\$ 15,959,254</u>	<u>\$ 17,576,109</u>	<u>\$ 18,614,596</u>	<u>\$ 19,248,260</u>
Business-type activities:								
Invested in capital assets, net of related debt	\$ 11,743,838	\$ 13,516,821	\$ 13,402,899	\$ 15,623,270	\$ 17,079,546	\$ 17,033,149	\$ 17,291,610	\$ 17,054,505
Unrestricted	<u>3,670,380</u>	<u>2,273,371</u>	<u>2,457,935</u>	<u>2,162,621</u>	<u>2,703,903</u>	<u>3,397,355</u>	<u>4,049,437</u>	<u>4,733,813</u>
Total business-type activities net assets	<u>\$ 15,414,218</u>	<u>\$ 15,790,192</u>	<u>\$ 15,860,834</u>	<u>\$ 17,785,891</u>	<u>\$ 19,783,449</u>	<u>\$ 20,430,504</u>	<u>\$ 21,341,047</u>	<u>\$ 21,788,318</u>
Primary government								
Invested in capital assets, net of related debt	\$ 20,299,033	\$ 23,013,204	\$ 23,189,896	\$ 25,907,634	\$ 27,736,681	\$ 28,098,498	\$ 28,348,660	\$ 28,804,627
Restricted	130,527	315,149	224,919	535,723	307,259	649,045	842,190	1,739,471
Unrestricted	<u>7,366,094</u>	<u>5,857,319</u>	<u>6,451,833</u>	<u>6,299,279</u>	<u>7,698,763</u>	<u>9,259,070</u>	<u>10,764,793</u>	<u>10,492,480</u>
Total primary government net assets	<u>\$ 27,795,654</u>	<u>\$ 29,185,672</u>	<u>\$ 29,866,648</u>	<u>\$ 32,742,636</u>	<u>\$ 35,742,703</u>	<u>\$ 38,006,613</u>	<u>\$ 39,955,643</u>	<u>\$ 41,036,578</u>

Data is presented since implementation of Government Accounting Standards Board Statement No. 34.

SOURCE: THE SOURCES FOR THE DATA PROVIDED IN THE FINANCIAL TRENDS PORTION OF THE STATISTICAL SECTION ARE THE CURRENT AND PRIOR YEARS' AUDITED FINANCIAL STATEMENTS FOR THE CITY.

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Net Assets (Continued on Next Page)
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental activities:								
General government	\$ 686,716	\$ 706,813	\$ 546,520	\$ 850,687	\$ 777,112	\$ 702,448	\$ 602,118	\$ 651,681
Public safety	1,599,896	1,795,182	2,043,100	2,043,236	2,390,055	2,398,905	2,390,917	2,625,140
Transportation	546,605	660,865	920,710	705,117	997,130	528,259	585,673	803,452
Cultural and recreation	693,243	750,125	832,645	897,823	958,280	983,020	1,041,966	1,072,916
Environmental protection	538,647	565,356	616,886	601,504	680,868	675,947	686,145	699,360
Community Promotions	43,920	47,018	116,302	118,170	60,111	57,553	62,317	374,040
Interest on Long-Term Debt	69,382	28,135	27,659	21,715	15,656	10,085	42,747	47,689
Total Governmental Activities Expenses	4,178,409	4,553,494	5,103,822	5,238,252	5,879,212	5,356,217	5,411,883	6,274,278
Business-Type Activities:								
Water and Sewer	1,710,518	1,985,749	2,218,056	2,294,300	2,487,739	2,442,785	2,839,700	3,283,373
Stormwater	-	-	-	-	133,284	232,013	271,897	374,562
	1,710,518	1,985,749	2,218,056	2,294,300	2,621,023	2,674,798	3,111,597	3,657,935
Total primary government expenses	\$ 5,888,927	\$ 6,539,243	\$ 7,321,878	\$ 7,532,552	\$ 8,500,235	\$ 8,031,015	\$ 8,523,480	\$ 9,932,213
Program revenues								
Governmental activities:								
Charges for services:								
General government	\$ 28,152	\$ 35,564	\$ 37,518	\$ 71,701	\$ 68,934	\$ -	\$ 53,425	\$ 96,924
Environmental protection	383,099	390,055	401,766	588,702	699,511	774,693	730,311	749,463
Cultural and recreation	255,480	223,661	209,955	239,823	331,801	263,133	189,902	183,463
Operating grants and contributions:								
Public safety	60,395	75,499	73,240	105,835	103,387	143,087	159,607	170,285
Transportation	270,350	303,554	299,000	293,996	328,634	302,323	269,100	271,533
Cultural and recreation	-	33,000	30,000	38,523	-	10,000	10,000	10,000
Capital grants and contributions:								
Public safety	27,541	-	-	62,869	30,625	-	-	-
Cultural and recreation	168,500	98,142	175,000	-	-	208,419	68,305	470,837
Total governmental activities program revenues	1,193,517	1,159,475	1,226,479	1,401,449	1,562,892	1,701,655	1,480,650	1,952,505
Business-type activities:								
Water and sewer:								
Charges for services	1,960,508	2,119,762	2,389,519	2,743,188	3,084,629	2,994,517	3,383,984	3,645,980
Operating grants and contributions	39,923	15,974	-	-	-	-	70,000	-
Capital grants and contributions	96,462	172,022	-	1,390,083	1,383,087	-	104,813	-
Stormwater:								
Charges for services	-	-	-	-	189,309	460,476	460,230	468,371
Total business-type activities program revenues	2,096,893	2,307,758	2,389,519	4,133,271	4,657,025	3,454,993	4,019,027	4,114,351
Total primary government program revenues	\$ 3,290,410	\$ 3,467,233	\$ 3,615,998	\$ 5,534,720	\$ 6,219,917	\$ 5,156,648	\$ 5,499,677	\$ 6,066,856

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Net Assets (Continued)
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011
Total net (expense) revenue by program:								
Governmental activities:								
General government	\$ (658,564)	\$ (671,249)	\$ (509,002)	\$ (778,986)	\$ (708,178)	\$ (702,448)	\$ (548,693)	\$ (554,757)
Public safety	(1,511,960)	(1,719,683)	(1,969,860)	(1,874,532)	(2,256,043)	(2,255,818)	(2,231,310)	(2,454,855)
Transportation	(276,255)	(357,311)	(621,710)	(411,121)	(668,496)	(225,936)	(316,573)	(531,919)
Cultural and recreation	(269,263)	(395,322)	(417,690)	(619,477)	(626,479)	(501,468)	(773,759)	(408,258)
Environmental protection	(155,548)	(175,301)	(215,120)	(12,802)	18,643	98,746	44,166	50,103
Community promotions	(43,920)	(47,018)	(116,302)	(118,170)	(60,111)	(57,553)	(62,317)	(374,040)
Interest on Long-Term Debt	(69,382)	(28,135)	(27,659)	(21,715)	(15,656)	(10,085)	(42,747)	(47,689)
Business-type activities:								
Water and sewer	386,375	322,009	171,463	1,838,971	1,979,977	551,732	719,097	362,607
Stormwater	-	-	-	-	56,025	228,463	188,333	93,809
Total net program (expense) revenue	<u>\$ (2,598,517)</u>	<u>\$ (3,072,010)</u>	<u>\$ (3,705,880)</u>	<u>\$ (1,997,832)</u>	<u>\$ (2,280,318)</u>	<u>\$ (2,874,367)</u>	<u>\$ (3,023,803)</u>	<u>\$ (3,864,999)</u>
General revenues and transfers								
Governmental activities:								
Taxes:								
Property taxes, levied for general purposes	\$ 1,751,785	\$ 2,079,345	\$ 2,154,189	\$ 2,230,374	\$ 2,689,352	\$ 2,747,042	\$ 2,745,826	\$ 2,738,747
Other taxes	1,545,598	1,552,343	1,622,017	1,705,078	1,680,961	2,129,725	1,447,948	1,492,971
Grants and contributions not restricted to specific programs	325,079	355,546	412,777	493,998	571,256	118,666	576,040	610,627
Investment earnings, unrestricted	32,037	67,203	171,230	228,326	208,757	73,684	44,823	35,502
Miscellaneous	103,905	218,626	17,464	28,737	58,503	-	123,927	46,076
Transfers	105,000	135,000	110,000	110,000	110,000	202,300	31,156	31,156
Total governmental activities general revenues and transfers	<u>3,863,404</u>	<u>4,408,063</u>	<u>4,487,677</u>	<u>4,796,513</u>	<u>5,318,829</u>	<u>5,271,417</u>	<u>4,969,720</u>	<u>4,955,079</u>
Business-type activities:								
Water and sewer:								
Investment earnings, unrestricted	32,492	60,152	146,283	196,106	71,556	69,160	34,914	22,011
Miscellaneous	(11,690)	128,813	-	-	-	-	(645)	-
Transfers	(105,000)	(135,000)	(110,000)	(110,000)	(110,000)	(100,000)	-	-
Stormwater:								
Transfers	-	-	-	-	-	(102,300)	(31,156)	(31,156)
Total business-type activities general revenues and transfers	<u>(84,198)</u>	<u>53,965</u>	<u>36,283</u>	<u>86,106</u>	<u>(38,444)</u>	<u>(133,140)</u>	<u>3,113</u>	<u>(9,145)</u>
Total net program (expense) revenue	<u>(2,598,517)</u>	<u>(3,072,010)</u>	<u>(3,705,880)</u>	<u>(1,997,832)</u>	<u>5,280,385</u>	<u>5,138,277</u>	<u>4,972,833</u>	<u>4,945,934</u>
Total change in net assets:								
Governmental activities	878,512	1,014,044	610,334	959,710	1,002,509	1,616,855	1,038,487	633,664
Business-type activities	<u>302,177</u>	<u>375,974</u>	<u>207,746</u>	<u>1,925,077</u>	<u>1,997,558</u>	<u>647,055</u>	<u>910,543</u>	<u>447,271</u>
Total primary government	<u>\$ 1,180,689</u>	<u>\$ 1,390,018</u>	<u>\$ 818,080</u>	<u>\$ 2,884,787</u>	<u>\$ 3,000,067</u>	<u>\$ 2,263,910</u>	<u>\$ 1,949,030</u>	<u>\$ 1,080,935</u>

Data is presented since implementation of Government Accounting Standards Board Statement No. 34.

CITY OF ARCHDALE, NORTH CAROLINA
Fund Balance - Governmental Funds
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fund Balance										
General Fund										
Nonspendable:										
Prepays	\$ -	\$ -	\$ -	\$ 18,383	\$ 22,544	\$ 590	\$ 4,272	\$ 36,736	\$ 6,712	\$ 4,001
Restricted:										
Stabilization by State Statute	380,319	492,446	585,081	609,117	668,146	732,492	732,492	653,358	638,982	800,097
Streets - Powell Bill	-	-	130,527	278,507	202,351	499,509	253,990	533,516	777,708	807,383
Public Safety	-	-	-	36,642	22,568	36,214	53,269	115,529	64,482	126,671
Assigned:										
Economic Development	-	-	100,000	150,000	175,000	200,000	225,000	250,000	275,000	287,120
Subsequent Year's Expenditure	84,341	-	-	-	506,175	570,174	-	-	237,740	465,394
Parks and Recreation	-	90,568	-	-	-	-	-	-	-	-
Unassigned	1,987,379	2,485,862	3,119,435	2,898,372	2,764,380	2,817,573	3,854,491	4,866,647	5,397,050	4,297,226
Total general fund	\$ 4,452,039	\$ 3,068,816	\$ 3,935,043	\$ 3,991,021	\$ 4,361,164	\$ 4,856,552	\$ 5,123,514	\$ 6,455,186	\$ 7,391,614	\$ 8,181,892
All other governmental funds										
Restricted:										
Stabilization by State Statute	\$ 3,688	\$ 5,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,428	\$ 1,319
Assigned:										
Capital Project Fund	15,326	27,296	-	-	-	-	370,794	249,787	334,092	1,013,938
Total all other governmental funds	\$ 19,014	\$ 32,499	\$ -	\$ -	\$ -	\$ -	\$ 370,794	\$ 249,787	\$ 364,520	\$ 1,015,257

CITY OF ARCHDALE, NORTH CAROLINA
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Ad Valorem Taxes	\$ 1,590,279	\$ 1,704,264	\$ 1,765,357	\$ 2,061,175	\$ 2,144,485	\$ 2,229,562	\$ 2,681,936	\$ 2,731,675	\$ 2,740,687	\$ 2,718,590
Unrestricted Intergovernmental	1,310,087	1,518,424	1,782,310	1,810,447	1,938,044	2,142,614	2,237,515	2,115,009	2,019,255	2,103,598
Restricted Intergovernmental	315,372	622,470	524,630	384,685	487,871	383,133	432,021	663,829	507,012	922,655
Licenses and Permits	17,672	102,101	116,171	35,155	37,518	71,701	68,934	59,260	53,425	96,924
Sales and Services	-	557,121	638,579	720,759	798,005	998,077	1,046,014	993,282	933,738	943,284
Investment Earnings	123,045	68,416	34,541	71,391	165,637	228,326	208,757	118,666	44,823	35,503
Miscellaneous	710,932	98,523	103,905	127,245	17,300	33,737	58,503	73,684	115,135	36,076
Total Revenues	4,067,387	4,671,319	4,965,493	5,210,857	5,588,860	6,087,150	6,733,680	6,755,405	6,414,075	6,856,630
Expenditures										
General Government	518,054	560,467	606,317	700,673	680,430	832,721	942,230	914,324	870,127	901,607
Public Safety	1,269,962	1,357,465	1,484,886	1,669,023	1,718,094	1,891,888	2,009,768	1,972,586	1,916,452	2,180,750
Public Works	473,674	692,438	518,374	625,026	864,406	649,937	934,024	458,580	519,641	729,916
Sanitation	449,894	462,517	538,647	565,356	616,886	601,504	680,868	675,947	686,145	699,360
Cultural and Recreation	1,273,950	552,101	592,790	653,056	729,577	804,858	928,693	825,201	856,317	869,126
Community Promotions	39,980	44,110	106,420	47,018	116,302	118,170	60,111	57,553	62,317	374,040
Capital Outlay	337,663	229,177	770,799	781,324	373,207	588,574	436,122	703,122	1,492,510	806,660
Debt Service:										
Principal	100,000	100,000	203,152	220,268	202,155	192,395	198,452	129,042	202,354	237,683
Interest	47,185	42,092	69,382	28,135	27,660	21,715	15,656	10,085	42,747	47,689
Total Expenditures	4,510,362	4,040,367	4,890,767	5,289,879	5,328,717	5,701,762	6,205,924	5,746,440	6,648,610	6,846,831
Excess of Revenues Over (Under)										
Expenditures	(442,975)	630,952	74,726	(79,022)	260,143	385,388	527,756	1,008,965	(234,535)	9,799
Other Financing Sources (Uses), Net										
Operating Transfers	-	-	105,000	135,000	110,000	110,000	110,000	202,300	31,156	31,156
Proceeds from Issuance of Debt	-	-	590,000	-	-	-	-	-	1,260,000	-
Prior Period Adjustment	-	-	63,312	-	-	-	-	-	-	-
Total Change in Fund Balance	(442,975)	630,952	833,038	55,978	370,143	495,388	637,756	1,211,265	1,056,621	40,955
		630,322	833,668							
		630	(630)							
Debt Service as a Percentage of										
Noncapital Expenditures	3.53%	3.73%	6.61%	5.51%	4.64%	4.19%	3.71%	2.76%	4.75%	4.72%

Beginning in 2003 capital outlay includes only items valued in excess of \$5,000.

CITY OF ARCHDALE, NORTH CAROLINA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Beer and Wine Tax	Inventories Tax Reimbursement	Total
2002	1,590,279	1,096,650	175,580	-	37,857	2,900,366
2003	1,704,264	1,204,758	312,451	1,215	-	3,222,688
2004	1,765,357	1,457,231	323,141	1,233	-	3,546,962
2005	2,061,175	1,454,901	353,547	1,270	-	3,870,893
2006	2,144,485	1,525,103	395,033	16,935	-	4,081,556
2007	2,229,562	1,648,616	450,392	42,542	-	4,371,112
2008	2,681,936	1,666,259	526,844	43,615	-	4,918,654
2009	2,731,675	1,519,428	551,551	43,214	-	4,845,868
2010	2,740,687	1,443,215	561,331	13,960	-	4,759,193
2011	2,718,590	1,492,971	566,432	43,475	-	4,821,468
Change from 2002 to 2011	70.95%	36.14%	222.61%			66.24%

In North Carolina, property tax would be considered an own-source revenue. Information about the tax rate and assessed value is found in the Revenue Capacity tables in the Statistical Section. Archdale's tax rate is .29 per \$100 of assessed valuation.

Sales tax revenue is distributed to Archdale from Ranolph County under the per capita distribution formula and from Guilford County under the ad valorem distribution formula. Sales tax revenue declined in recent years because of a reduction in consumer spending during the recession.

Video franchise fee added starting in 2007.

A city or county is eligible to share in beer or wine excise tax revenues if beer or wine may legally be sold within its boundaries. Beer and wine tax was received for Guilford County population until a 2006 referendum approved sales throughout the rest of the city.

The State of North Carolina repealed the inventory tax reimbursement in 2002.

CITY OF ARCHDALE, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Net Tax Levy	Collection within the Fiscal Year of Levy		Collection in Subsequent Years	Total Tax Collections	Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes
		Amount	Percent				
2002	\$ 1,637,789	\$ 1,604,572	97.97%	\$ 31,730	\$ 1,636,302	99.91%	1,487
2003	\$ 1,741,902	\$ 1,714,418	98.42%	\$ 25,934	\$ 1,740,352	99.91%	1,550
2004	\$ 1,793,440	\$ 1,773,844	98.91%	\$ 18,045	\$ 1,791,889	99.91%	1,551
2005	\$ 2,107,301	\$ 2,081,738	98.79%	\$ 23,719	\$ 2,105,457	99.91%	1,844
2006	\$ 2,176,504	\$ 2,144,249	98.52%	\$ 29,798	\$ 2,174,047	99.89%	2,457
2007	\$ 2,281,267	\$ 2,251,153	98.68%	\$ 27,865	\$ 2,279,018	99.90%	2,249
2008	\$ 2,717,761	\$ 2,682,058	98.69%	\$ 31,225	\$ 2,713,283	99.84%	4,478
2009	\$ 2,801,550	\$ 2,755,557	98.36%	\$ 36,226	\$ 2,755,557	98.36%	9,767
2010	\$ 2,773,763	\$ 2,729,369	98.40%	\$ 30,626	\$ 2,729,369	98.40%	13,768
2011	\$ 2,777,288	\$ 2,722,238	98.02%	N/A	\$ 2,722,238	98.02%	55,050

Source: City of Archdale audited financial statements.

City of Archdale property taxes are collected by the Randolph County and Guilford County Tax Departments.

Net Tax Levy shown above includes taxes levied on all property.

On average, 99.53% of the net levy on property excluding registered motor vehicles is collected in the current year.

CITY OF ARCHDALE, NORTH CAROLINA
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Randolph County						Guilford County			
Fiscal Year	City of Archdale	Randolph County	Guil-Rand Fire District	Archdale Trinity School District	Combined Tax Rate	City of Archdale	Guilford County	Guil-Rand Fire District	Combined Tax Rate
2002	0.23	0.4800	0.1000	0.075	0.8850	0.23	0.6742	0.1000	1.0042
2003	0.23	0.4800	0.1000	0.075	0.8850	0.23	0.6742	0.1000	1.0042
2004	0.23	0.5000	0.1000	0.075	0.9050	0.23	0.7135	0.0725	1.0160
2005	0.26	0.5000	0.1000	0.085	0.9450	0.26	0.6184	0.0861	0.9645
2006	0.26	0.5250	0.1000	0.085	0.9700	0.26	0.6428	0.0861	0.9889
2007	0.26	0.5350	0.1000	0.085	0.9800	0.26	0.6615	0.1000	1.0215
2008	0.29	0.5350	0.1000	0.085	1.0100	0.29	0.6914	0.1000	1.0814
2009	0.29	0.5550	0.1000	0.090	1.0350	0.29	0.7374	0.1000	1.1274
2010	0.29	0.5550	0.1000	0.090	1.0350	0.29	0.7374	0.1000	1.1274
2011	0.29	0.5860	0.1000	0.090	1.0660	0.29	0.7374	0.1000	1.1274

Source: Randolph and Guilford County Finance Departments.
The majority of Archdale is in Randolph County.

CITY OF ARCHDALE, NORTH CAROLINA
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property	Public Service Companies	Total	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Property Tax Rate (per \$100 Assessed Value)
	Assessed Value	Estimated Actual Value	Assessed Value	Assessed Value	Assessed Value			
2002	538,820,000	557,371,841	151,319,808	19,917,148	710,056,956	728,608,797	97.45%	0.23
2003	575,653,098	633,404,656	158,696,298	20,533,213	754,882,609	812,634,167	92.89%	0.23
2004	597,303,116	672,695,583	161,469,727	18,696,722	777,469,565	852,862,032	91.16%	0.23
2005	627,119,703	710,313,221	164,940,876	18,244,806	810,305,385	893,498,903	90.69%	0.26
2006	650,146,088	753,189,180	170,334,169	16,576,282	837,056,539	940,099,631	89.04%	0.26
2007	663,371,755	768,779,390	196,505,677	17,193,722	877,071,154	982,478,789	89.27%	0.26
2008	742,999,215	766,570,641	172,818,385	21,289,986	937,107,586	960,679,012	97.55%	0.29
2009	764,206,155	793,814,171	178,882,859	22,891,676	965,980,690	995,588,706	97.03%	0.29
2010	775,389,838	777,271,732	162,585,464	18,493,319	956,468,621	958,350,515	99.80%	0.29
2011	777,775,920	796,417,527	159,968,400	19,177,405	956,921,725	975,563,332	98.09%	0.29

Sources: Randolph County Tax Department and the Finance Departments for Randolph and Guilford Counties.

A revaluation of all property is required every eight (8) years by state statute.

Real property in Randolph County was revalued on January 1, 2007. Real property in Guilford County was revalued on January 1, 2005.

Personal property is appraised each year and assessed at 100% of appraised value.

Fiscal Year	Ratio of Assessed Value to Estimated Actual Value of Real Property	
	Randolph County	Guilford County
2002	96.99%	84.77%
2003	91.08%	83.19%
2004	89.00%	80.60%
2005	88.00%	99.35%
2006	86.00%	98.95%
2007	86.00%	96.90%
2008	97.00%	94.30%
2009	96.00%	93.60%
2010	100.00%	92.60%
2011	103.72%	97.48%

CITY OF ARCHDALE, NORTH CAROLINA
Principal Taxpayers For the Year
Fiscal Years Ended June 30, 2011 and 2002

		Fiscal Year 2011	
Taxpayer	Type of Enterprise	Assessed Valuation	Percent of Total Assessed Valuation
Sealy	Mattress Manufacturer	\$ 29,510,331	3.08%
J L Darr & Son	Real Estate Developer/Contractor	16,342,608	1.71%
Thomas Built Buses	Bus Manufacturer	13,884,219	1.45%
Hafele America Co	Architectural Hardware Manufacturer	11,481,505	1.20%
BMA Brookwood Apartments LLC	Property Management/Rental	8,413,890	0.88%
Walker, Billy R	Real Estate Developer/Contractor	8,067,070	0.84%
Daly GC, Inc	Hotel Developer/Management	7,739,150	0.81%
Alexandra Holdings, Inc.	Real Estate Developer/Management	6,168,990	0.64%
North State Telephone	Communications	5,998,633	0.63%
United Furniture Incustries NC	Furniture Manufacturer	4,346,365	0.45%
Total		<u>\$ 111,952,761</u>	11.70%

		Fiscal Year 2002	
Taxpayer	Type of Enterprise	Assessed Valuation	Percent of Total Assessed Valuation
Sealy	Mattress Manufacturer	\$ 24,937,690	3.51%
North State Telephone	Communications	11,865,240	1.67%
Hafele America Co	Architectural Hardware Manufacturer	10,612,706	1.49%
Billy R. Walker	Real Estate Developer/Contractor	8,877,070	1.25%
Benchmark Brookwood	Property Management/Rental	8,791,592	1.24%
Alexandra Holdings, Inc.	Real Estate Developer/Management	4,925,930	0.69%
Daly GC, Inc	Hotel Developer/Management	3,756,023	0.53%
Duke Energy Corp	Public Utilities	3,323,113	0.47%
High Point Industrial Leasing	Real Estate Developer/Management	3,271,060	0.46%
Archdale Nursing Center	Assisted Living	3,020,291	0.43%
Total		<u>\$ 83,380,715</u>	11.74%

Source: Randolph County Tax Department.

CITY OF ARCHDALE, NORTH CAROLINA
Computation of Legal Debt Margin and Actual Debt
Last Ten Fiscal Years

Fiscal Year	Assessed Valuation	Legal Debt Limit	Installment Debt	Legal Debt Margin	Ratio of Outstanding Debt to Debt Limit
2002	710,056,956	56,804,556	875,000	55,929,556	1.540%
2003	754,882,609	60,390,609	775,000	59,615,609	1.283%
2004	777,469,565	62,197,565	1,161,849	61,035,716	1.868%
2005	810,305,385	64,824,431	941,581	63,882,850	1.453%
2006	837,056,539	66,964,523	739,425	66,225,098	1.104%
2007	877,071,154	70,165,692	547,031	69,618,661	0.780%
2008	937,107,586	74,968,607	348,579	74,620,028	0.465%
2009	965,980,690	77,278,455	219,537	77,058,918	0.284%
2010	956,468,621	76,517,490	966,119	75,551,371	1.263%
2011	956,921,725	76,553,738	1,039,500	75,514,238	1.358%

Under North Carolina General Statutes, the net debt of the City is not to exceed eight percent (8%) of the assessed value of property subject of taxation by the City. All debt issued for Archdale's government activities has been installment contract financing, where the financed asset is collateral for the debt.

Excludes business-type activities. Outstanding debt in business-type activities, including amounts due under interlocal agreements, is \$11,280,862. The legal debt margin for the City is \$64,233,876, with a ratio of outstanding debt to debt limit of 16%.

CITY OF ARCHDALE, NORTH CAROLINA
 Computation of Direct and Overlapping Governmental Activities Debt
 June 30, 2011

Jurisdiction	Outstanding Debt	Percentage Applicable to Archdale	Amount Applicable to Archdale
Randolph County			
Total direct debt	\$ 116,407,586	9.13%	10,626,087
Guilford County			
General obligation debt/utility	\$ 17,026,467		
General obligation debt/other	\$ 759,348,533		
Lease purchase debt	3,571,400		
	<u>\$ 779,946,400</u>	0.06%	<u>451,720</u>
Subtotal, overlapping debt			11,077,807
City of Archdale			1,039,500
Installment purchases			<u>1,039,500</u>
Total direct and overlapping debt			<u><u>\$ 12,117,307</u></u>

Sources: Outstanding debt and assessed value data provided by each governmental unit.

Includes all governmental activities debt.

Residents and businesses located within the City of Archdale boundaries are also in Randolph or Guilford County. Some businesses may extend into both counties. The purpose of this schedule is recognize that the entire debt burden borne by the residents and businesses should be taken into account when calculating the government's ability to issue and repay long-term debt.

The percentage of overlapping debt applicable to the City of Archdale is estimated using taxable assessed value information. Property tax is the largest governmental activities revenue source for these units and the rates are adopted by the governing boards in their annual budgets.

CITY OF ARCHDALE, NORTH CAROLINA

Outstanding Debt Ratios

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government Debt	Ratio of Outstanding Debt to Personal Income	Total Outstanding Debt per Capita
	Installment Financing	Outstanding Debt per Capita	Installment Financing	Outstanding Debt per Capita			
2002	875,000	95	-	-	875,000	0.32%	95
2003	775,000	84	4,845,000	523	5,620,000	2.03%	607
2004	1,161,849	124	4,602,750	493	5,764,599	1.96%	617
2005	941,581	100	4,360,500	466	5,302,081	1.73%	566
2006	739,425	78	8,463,331	894	9,202,756	2.84%	972
2007	547,031	57	7,994,954	839	8,541,985	2.56%	896
2008	348,579	36	7,596,733	785	7,945,312	2.32%	821
2009	219,537	22	7,088,071	724	7,307,608	2.18%	746
2010	1,277,183	129	6,569,418	666	7,846,601	2.32%	795
2011	1,039,500	91	11,280,862	985	12,320,362	3.08%	1,076

Population data is shown on the Demographic Statistics schedule.

Personal income was determined by multiplying population by per capita income, as shown on the Demographic Statistics schedule.

Percentages for 2011 were calculated using personal income amounts for 2009, the last year data is available.

CITY OF ARCHDALE, NORTH CAROLINA

Demographic Statistics

Last Ten Fiscal Years

Fiscal Year	Archdale Population (1)	Greensboro- High Point MSA Population (2)	Total Personal Income (2) (Thousands of Dollars)	Per Capita Income (2)	Unemployment Rate (3)	Archdale- Trinity Public School Enrollment (4)
2002	9,208	656,811	19,321,051	29,416	6.5	4,612
2003	9,257	661,123	19,795,996	29,943	6.5	4,668
2004	9,339	665,024	20,943,575	31,493	5.6	4,746
2005	9,369	673,638	21,983,242	32,634	5.2	4,814
2006	9,472	685,582	23,432,407	34,179	4.8	4,914
2007	9,530	696,287	24,551,485	35,261	4.9	4,983
2008	9,682	707,185	25,217,510	35,659	6.4	5,060
2009	9,791	714,765	24,979,549	34,948	11.2	5,060
2010	9,868	(5)	(5)	(5)	11.1	5,086
2011	11,450	(5)	(5)	(5)	(5)	5,078

Source: (1) Office of Budget and Management for the State of North Carolina.

The population increase for 2011 is adjusted for U.S. Census data.

(2) Bureau of Economic Analysis Information for the Greensboro-High Point Metropolitan Statistical Area.

(3) Bureau of Labor Statistics, Unemployment Rates for Metropolitan Areas, Annual Average Rankings

The July 2012 unemployment rate, not seasonally adjusted, is 10.9%

(4) Randolph County School Administration.

(5) Information is unavailable.

CITY OF ARCHDALE, NORTH CAROLINA

Principal Employers For the Year

Fiscal Year Ended June 30, 2011

Employer	Type of Enterprise	Number of Employees	Percentage of Randolph County Total Employment
Thomas Built Buses	Bus Manufacturer	940 *	1.439%
United Furniture	Furniture Manufacturer	400 *	0.612%
Sealy	Mattress Manufacturer	370	0.566%
Hafele America Co.	Architectural Hardware Manufacturer	200	0.306%
Hendrix Batting Co.	Cotton Batting Manufacturer	180	0.276%
Randolph County School District	Public School	179	0.274%
Stickley Furniture Company	Furniture Manufacturer	172	0.263%
Dar/Ran Furniture Industries, Inc	Furniture Manufacturer	170	0.260%
Carson's of High Point	Furniture Manufacturer	140	0.214%
Hubbell Industrial Controls, Inc.	Commercial Equipment	137	0.210%

Information provided by Randolph County Economic Development Corporation (RCEDC) and schools located within the City.

* Thomas Built Buses is partially located in High Point and United Furniture Co. is partially located in Trinity.

Total employment within the City of Archdale is not available.

RCEDC reports the approximate number of employees in Archdale's industrial base is 4,143.

Employment data for the period nine years ago has not been not researched. There were no comprehensive sources found for City of Archdale employment data.

CITY OF ARCHDALE, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety:										
Calls for Service	8,861	9,491	9,815	10,760	11,085	14,498	16,141	14,523	11,018	11,897
Traffic Accidents	415	446	475	433	558	534	537	493	504	404
Vice/Narcotic Calls	72	70	55	71	62	58	58	44	45	70
Animal Control Calls	780	851	780	631	646	474	879	618	508	598
Planning & Zoning:										
Zoning Permits Issued	190	190	188	160	159	133	146	99	90	95
Complaints Investigated	122	122	165	NA	117	270	294	355	301	206
Zoning Cases Prepared	10	10	11	17	23	10	10	9	8	8
Public Works:										
Leaf & Limb Pick-Up	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Culture and Recreation:										
Summer Camp Participants	120	100	100	125	100	100	115	111	81	70
Youth Athletic Program Participants	656	752	888	943	1,115	960	936	1,230	934	923
After School Program Participants	90	90	90	90	70	65	58	55	34	35
Utility System:										
Number of Water Accounts Billed - June	3,928	4,040	4,201	4,366	4,479	4,760	4,843	4,866	4,900	4,730
Gallons of Water Billed	252,535,150	213,169,250	251,635,100	250,417,896	273,840,500	276,955,600	276,984,112	260,908,900	252,411,590	257,926,281
Sewer Treatment Gallons	220,940,810	500,786,900	361,726,074	365,903,625	344,366,000	373,936,350	313,740,650	339,413,550	355,098,272	313,184,191

Sources: Various City Departments.

CITY OF ARCHDALE, NORTH CAROLINA
Full-Time City Government Employees by Function
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government	6	7	7	7	8	9	9	9	9	9
Public Safety:										
Sworn Officers	22	22	22	22	24	25	25	25	25	25
Civilian	4	5	5	5	5	6	6	6	6	6
Public Works	6	6	7	7	7	7	6	6	6	6
Cultural & Recreation	5	5	5	5	6	7	7	7	8	8
General Fund	43	45	46	46	50	54	53	53	54	54
Enterprise Fund	7	8	9	9	9	10	11	11	11	12
City Total	<u>50</u>	<u>53</u>	<u>55</u>	<u>55</u>	<u>59</u>	<u>64</u>	<u>64</u>	<u>64</u>	<u>65</u>	<u>66</u>

Source: City of Archdale budget.

This schedule includes only regular full-time employees.

In addition, there are many seasonal part-time employees for summer camp and after-school care in the cultural and recreation service area.

CITY OF ARCHDALE, NORTH CAROLINA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Municipal Buildings	6	6	6	7	7	7	7	8	8	8
Public Safety:										
Police Vehicles	17	21	23	25	25	27	27	23	26	29
Public Works:										
Streets (Miles-Paved)	44.09	44.48	43.86	45.82	45.50	45.61	49.9	48.46	48.74	48.74
Streets (Miles-Unpaved)	1.03	1.03	1.03	1.03	1.70	1.7	2.52	2.52	2.24	2.24
Sidewalks (Linear Feet)	7,490	8,000	8,000	8,000	9,100	9,100	13,147	26,717	26,717	26,717
Culture and Recreation:										
Park Acreage	58.6	73.1	78.9	98.1	101.0	101.0	101.6	101.6	102.0	102.0
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Ball Fields	2	2	3	3	3	3	3	3	3	3
Playgrounds	3	3	3	3	3	3	3	3	3	3
Picnic Shelters	2	2	2	2	2	2	2	2	2	2
Greenways (Linear Feet)	6,600	6,600	6,600	6,600	6,600	10,496	13,301	13,728	13,728	13,728
Utility System:										
Pump Stations	6	6	6	6	6	7	9	9	9	9

Sources: Various City Departments.
Miles of Streets from Powell Bill Reports.





COMPLIANCE SECTION





S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Archdale, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Archdale, North Carolina, as of and for the year ended June 30, 2011, which collectively comprises the City of Archdale's basic financial statements, and have issued our report thereon dated September 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Archdale's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Archdale's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Archdale's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the entity, members of the City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

S. Preston Douglas & Associates, LLP

September 1, 2011



S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With Applicable Sections OMB Circular A-133 and the State Single Audit Implementation Act

To the Honorable Mayor
And Members of the City Council
Archdale, North Carolina

Compliance

We have audited City of Archdale, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. The City of Archdale's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of the City of Archdale's management. Our responsibility is to express an opinion on the City of Archdale's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Archdale's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Archdale's compliance with those requirements.

In our opinion, the City of Archdale complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the City of Archdale is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered the City of Archdale's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weakness. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

S. Preston Douglas & Associates, LLP

September 1, 2011

CITY OF ARCHDALE, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

SECTION I. SUMMARY OF AUDITOR'S RESULTS
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Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____	No
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Significant deficiency(s) identified that are not considered to be material weaknesses	_____ Yes	_____ X _____	No
--	-----------	---------------	----

Noncompliance material to financial statements noted	_____ Yes	_____ X _____	No
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State Awards

Internal control over major state programs:

Material weakness(es) identified?	_____ Yes	_____ X _____	No
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Significant deficiency(s) identified that are not considered to be material weaknesses	_____ Yes	_____ X _____	No
--	-----------	---------------	----

Type of auditor's report issued on compliance for major state programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	_____ Yes	_____ X _____	No
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Identification of major state programs:

Program Name _____

Powell Bill
N.C. Rural Economic Development Center Grant

CITY OF ARCHDALE, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

SECTION II. FINANCIAL STATEMENT FINDINGS

None

CITY OF ARCHDALE, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

SECTION III. STATE AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF ARCHDALE, NORTH CAROLINA

Corrective Action Plan

For the Fiscal Year Ended June 30, 2011

SECTION II. FINANCIAL STATEMENT FINDINGS

None Reported

SECTION III. STATE AWARD FINDINGS AND QUESTIONED COSTS

None Reported

CITY OF ARCHDALE, NORTH CAROLINA
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2011

There were no prior audit findings.

CITY OF ARCHDALE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2011

Grantor Pass-Through Grantor Program Title	State Pass-through Grantor's Number
State Grants:	
<u>N.C. Department of Transportation</u>	
Powell Bill	DOT-4
<u>N.C. Rural Economic Development Center</u>	
Economic Infrastructure Grant	2011-094-60501-107 2011-225-60501-107
<u>N.C. Department of Environment and Natural Resources</u>	
NC Park and Recreation Trust Fund Project	PO8002
Total Assistance - State Programs	
Total Assistance	

<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
242,857	-
96,000	2,880
195,722	20,000
<u>179,115</u>	<u>287,177</u>
<u>713,694</u>	<u>310,057</u>
\$ <u><u>713,694</u></u>	\$ <u><u>310,057</u></u>





